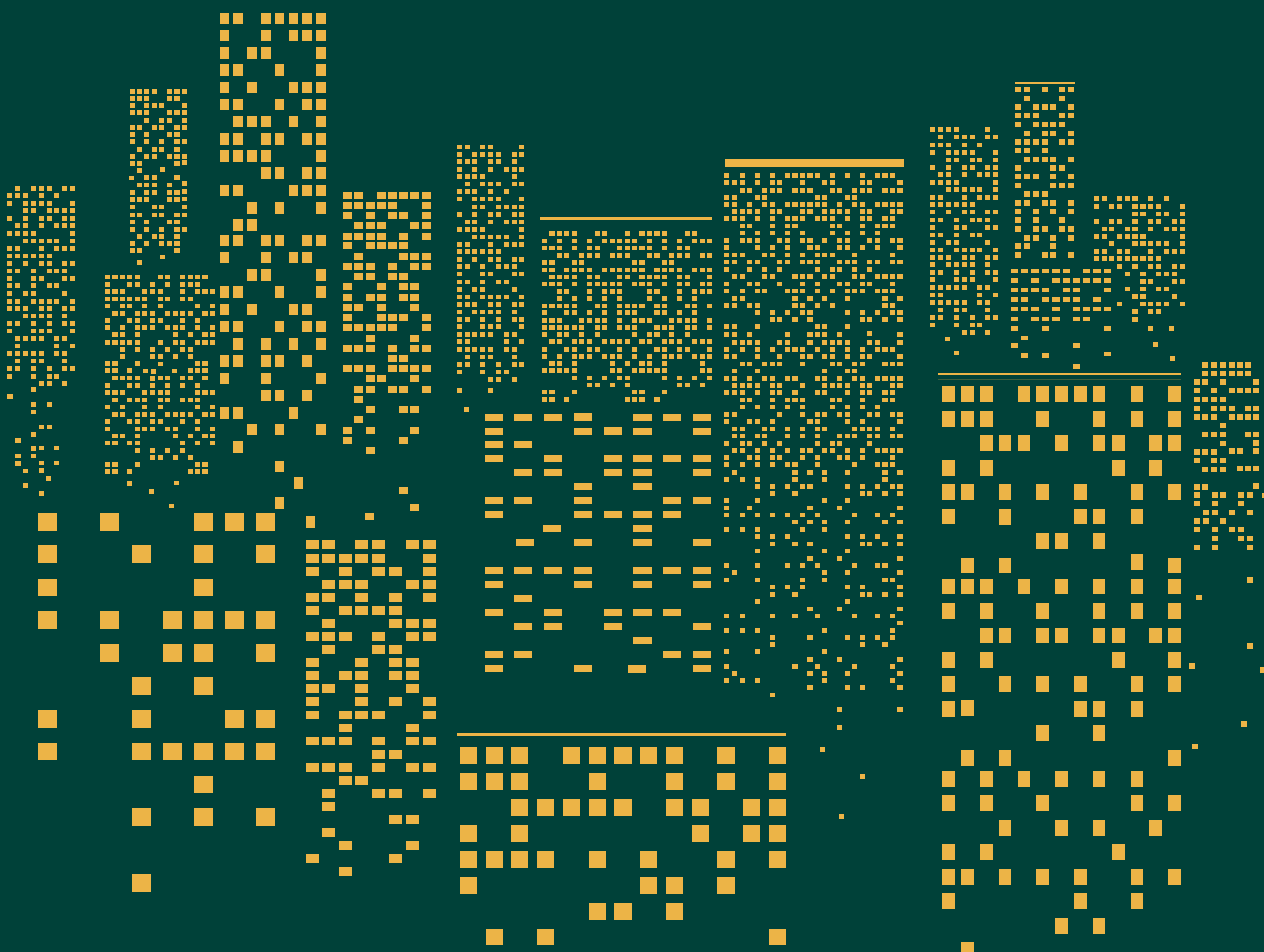
POLY PROPERTY DEVELOPMENT CO., LTD.
保利物業發展股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 06049

GLOBAL OFFERING



Joint Sponsors

廣發融資(香港)有限公司 GF CAPITAL (HONG KONG) LIMITED

華泰金融控股(香港)有限公司 HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

農銀國際 ABC INTERNATIONAL

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

廣發証券(香港)經紀有限公司 GF SECURITIES (HONG KONG) BROKERAGE LIMITED

華泰金融控股(香港)有限公司 HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

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安信國際 ESSENCE INTERNATIONAL

交銀國際 BOCOM International

盈泰證券有限公司 WINTECH SECURITIES LTD

IMPORTANT

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

POLY PROPERTY DEVELOPMENT CO., LTD.
保利物業發展股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of Offer Shares	:	133,333,400 H Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	17,333,600 H Shares (subject to reallocation)
Number of International Offer Shares	:	115,999,800 H Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	:	HK$35.10 per H Share, plus brokerage of 1.0%, Hong Kong Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%, payable in full on application and subject to refund
Nominal Value	:	RMB1.00 per H Share
Stock Code	:	06049

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

A copy of this prospectus, having attached thereto the documents specified in Appendix VII "Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, has been registered by the Registrar of Companies 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 of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the JGC Representatives (for themselves and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or about Thursday, 12 December 2019 and, in any event, not later than Friday, 13 December 2019 (or such later date as the parties may agree). The Offer Price will be not more than HK$35.10 and is currently expected to be not less than HK$30.70. Applicants for Hong Kong Offer Shares are required to pay, on application, the Maximum Offer Price of HK$35.10 for each Hong Kong Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$35.10. If, for any reason, the Offer Price is not agreed between the JGC Representatives (for themselves and on behalf of the Underwriters) and us by Friday, 13 December 2019 (or such later date as the parties may agree), the Global Offering will not proceed and will lapse.

The JGC Representatives (for themselves and on behalf of the Underwriters, and with our consent) may, where considered appropriate, reduce the number of Offer Shares and/or the indicative Offer Price Range below that is stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the website of our Company at www.polywuye.com and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk no later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in the sections entitled "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

We are incorporated, and all of our businesses are located, in the PRC. Potential investors should be aware of the differences in legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investments in PRC-incorporated companies. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set out in "Risk Factors," "Appendix IV — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and "Appendix V — Summary of the Articles of Association" to this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the JGC Representatives (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section entitled "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

Prior to making an investment decision, prospective investors should consider carefully all the information set forth in this prospectus, including but not limited to the risk factors set forth in the section entitled "Risk Factors" in this prospectus.

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 that the Offer Shares may be offered, sold or in offshore transactions outside the United States in reliance on Regulation S under the U.S. Securities Act.

9 December 2019

EXPECTED TIMETABLE[1]

Hong Kong Public Offering commence and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Monday, 9 December 2019
Latest time for completing electronic applications under **HK eIPO White Form** service through one of the below ways[2]:	
(1) the **IPO App**, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**	
(2) the designated website **www.hkeipo.hk**	11:30 a.m. on Thursday, 12 December 2019
Application lists open[3]	11:45 a.m. on Thursday, 12 December 2019
Latest time for (a) lodging **WHITE** and **YELLOW** Application Forms, (b) completing payment for **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s), and (c) giving electronic application instructions to HKSCC[4]	12:00 noon on Thursday, 12 December 2019
Application lists close[3]	12:00 noon on Thursday, 12 December 2019
Expected Price Determination Date[5]	Thursday, 12 December 2019
(1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.polywuye.com**[6] on or before	Wednesday, 18 December 2019
(2) Results of allocations in the Hong Kong Public Offering to be available through a variety of channels as described in the section entitled "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" from	Wednesday, 18 December 2019
Results of allocations in the Hong Kong Public Offering will be available in the **IPO App** or at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function from	Wednesday, 18 December 2019
Despatch/Collection of H Share certificates[7] and refund cheques/**HK eIPO White Form** e-Auto Refund payment instructions (if applicable) on or before	Wednesday, 18 December 2019
Dealings in the H Shares on the Hong Kong Stock Exchange expected to commence on	Thursday, 19 December 2019

Notes:

(1) All dates and times refer to Hong Kong dates and times, except as stated otherwise.

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

(3) If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 12 December 2019, the application lists will not open or close on that day. See "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening and Closing of the Application Lists".

(4) Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to "How to Apply for the Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS".

(5) The Price Determination Date is expected to be on or around Thursday, 12 December 2019 and, in any event, no later than Friday, 13 December 2019 (or such later date as the JGC Representatives and the Company may agree). If, for any reason the Offer Price is not agreed by the parties to the Price Determination Agreement by Friday, 13 December 2019, or such later date as the parties may agree, the Global Offering will not proceed and will lapse.

(6) None of the website or any of the information contained on the website forms part of this prospectus.

(7) The H Share certificates will only become valid certificates of title at 8:00 a.m. on the Listing Date, which is expected to be Thursday, 19 December 2019, provided that the Global Offering has become unconditional in all respects. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid do so entirely at their own risk.

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

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

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by Poly Property Development Co., Ltd. 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 security 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 a solicitation of an offer to subscribe for or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

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

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole prospectus including the appendices hereto, which constitute an integral part of this prospectus, 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 the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading comprehensive property management service provider in China with extensive property management scale and state-owned background, ranking fourth by China Index Academy in 2019 among the Top 100 Property Management Companies in China in terms of overall strength[(1)]. Since 2014, we have been ranked by China Index Academy within the top five among the Top 100 Property Management Companies in China, and ranked first among the Top 100 Property Management Companies in China with state-owned background, respectively, in terms of overall strength. Our brand was valued at more than RMB9.0 billion for 2018, according to China Index Academy.

We have been providing property management services in China for more than 23 years with a focus on first-tier and second-tier cities covering the five national-level urban agglomerations in China, according to China Index Academy. As at 30 June 2019, our total contracted GFA reached 454.9 million sq.m. covering 148 cities across 27 provinces, municipalities and autonomous regions in China and we managed 846 properties in China as at 30 June 2019, including 565 residential communities and 281 non-residential properties, with an aggregate GFA under management of 260.3 million sq.m. Our property management services cover a wide range of property types, including residential communities, commercial and office buildings and public and other properties (such as schools, scientific research institutions, industrial parks, public service facilities and towns). In addition to property management services, we provided during the Track Record Period value-added services to non-property owners, such as pre-delivery services to property developers, and a variety of community value-added services to property owners and residents of the properties we manage.

In pursuit of our corporate culture magnifying pragmatism and excellence, we have been, and endeavour to, provide our customers with standardised and high-quality services to serve customers' evolving needs. We are headquartered in Guangzhou, Guangdong province in China. As at 30 June 2019, we had 270 subsidiaries and branch offices across 27 provinces, municipalities and autonomous regions in China.

The Listing constitutes a spin-off from our Controlling Shareholder, Poly Developments and Holdings, whose shares are listed on the mainboard of Shanghai Stock Exchange in the PRC.

BUSINESS MODEL

Our three main business lines, namely, (i) property management services, (ii) value-added services to non-property owners, and (iii) community value-added services, form an integrated service offering to our customers along the value chain of property management.

- **Property management services**. We provide a range of property management services to property owners and residents, as well as property developers, including, among others,

(1) According to China Index Academy, the ranking was based on a comprehensive set of criteria, including property management scale, operational performance, service quality, growth potential and social responsibility.

security, cleaning, greening, gardening and repair and maintenance services, with a focus on residential communities. Our property management portfolio also covers non-residential properties, including commercial and office buildings, public and other properties (such as schools, scientific research institutions, industrial parks, public services facilities and towns). Main factors considered by us for the pricing of our property management services mainly include (i) the types and locations of the properties, (ii) the scope and quality of the services proposed, (iii) our budgeted expenses, (iv) our target profit margins, (v) profiles of the property owners and residents, (vi) the local government's guidance price on property management fees (where applicable), and (vii) the pricing of comparable properties. During the Track Record Period, we charged property management fees for property management services primarily on a lump sum basis, with a small portion charged on a commission basis.Property management fees we charge for the majority of the residential communities, commercial and office buildings we manage are calculated based on the GFA under management for the relevant projects. For the majority of the public and other properties we manage, we charge a lump sum property management fee on a per project basis. Such fee is determined not directly based on the GFA under management for the relevant project but by taking into account factors such as the nature and scope of the specific property management services to be provided, our staff cost expected to be incurred and reasonable target profit margins.

- **Value-added services to non-property owners**. We provide value-added services to non-property owners (mainly property developers), including (i) pre-delivery services to property developers to assist with their sales and marketing activities at property sales venues and display units, mainly including visitor reception, cleaning, security inspection and maintenance, and (ii) other value-added services to non-property owners, such as consultancy, inspection, delivery and commercial operation services. We generally charge a fee for the provision of value-added services to non-property owners on transaction basis, which is either based on our actual cost or at a fixed lump sum amount, taking into account the nature and scope of the services, the headcount and positions of the staff we deploy and the size, location and positioning of the properties involved.

- **Community value-added services**. We provide community value-added services to property owners and residents of our managed properties to address their life-style and daily needs which mainly include: (i) community living services, such as purchase assistance, turnkey furnishing and move-in services, housekeeping as well as other bespoken services, and (ii) community asset value-added services, such as parking lot management services and common area value-added services. For community value-added services directly provided by us, we generally charge a fee for such services at a pre-negotiated fixed amount on a per-transaction basis. For community value-added services provided in collaboration with third-party merchants, we generally receive from these merchants a fixed fee or a percentage of the sales price as referral fees.

The following table sets out the breakdown of our revenue by business line for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (Unaudited)	%	*RMB'000*	%
Property management services	1,906,262	74.3	2,419,151	74.7	2,909,508	68.8	1,277,893	66.7	1,822,975	64.6
Value-added services to non-property owners	398,836	15.6	501,984	15.4	696,502	16.5	339,096	17.7	458,646	16.3
Community value-added services	259,089	10.1	319,199	9.9	623,368	14.7	298,805	15.6	540,399	19.1
Total revenue	2,564,187	100.0	3,240,334	100.0	4,229,378	100.0	1,915,794	100.0	2,822,020	100.0

The growth in our total revenue during the Track Record Period was primarily attributable to a general increase in revenue from our business lines. In particular, our revenue from property management services increased during the Track Record Period mainly due to an increase in our total GFA under management and an increase in the number of properties managed by us as we expanded our business scale. During the Track Record Period, the increase in the revenue from our value-added services to non-property owners was mainly due to the increase in the number of projects for our pre-delivery services and the increase in the revenue from our community value-added services was mainly attributable to the increase in the types of community value-added services, in particular, community living services, we provide, coupled with the expansion of our property management scale and the increase of the residents and property owners we serve as we expanded our business scale.

The following table sets out the breakdown of our gross profit and gross profit margin by business line for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (Unaudited)	%	*RMB'000*	%
Property management services	250,673	13.1	332,633	13.7	409,625	14.1	229,765	18.0	330,753	18.1
Value-added services to non-property owners	64,213	16.1	100,562	20.0	140,203	20.1	68,158	20.1	97,611	21.3
Community value-added services	113,577	43.8	147,595	46.2	301,450	48.4	144,949	48.5	238,154	44.1
Total	**428,463**	**16.7**	**580,790**	**17.9**	**851,278**	**20.1**	**442,872**	**23.1**	**666,518**	**23.6**

The gross profit margin for our property management services increased during the Track Record Period mainly due to our increased average property management fees for residential communities, together with improved cost efficiency as a result of enhanced cost control measures and economies of scale. The gross profit margin for our value-added services to non-property owners generally increased during the Track Record Period mainly as a result of the increase in our operational efficiency and the economies of scale as a result of the increased number of pre-delivery services projects. The gross profit margin for our community value-added services generally increased during the Track Record Period from 2016 to 2018 primarily because of economies of scale as our property management scale and customer base expanded. The gross profit margin of our community value-added services decreased from 48.5% in the first half of 2018 to 44.1% in the first half of 2019 mainly due to an increase in raw material cost in connection with our community value-added services, in particular, the turnkey furnishing and move-in services that we increasingly provided in 2019. Our overall gross profit margin increased during the Track Record Period mainly due to the increase of gross profit margin for our property management services and the increasing contribution from our community value-added services which had a relatively higher gross profit margin as compared to our other services.

We manage a diverse portfolio of properties covering (i) residential communities, and (ii) non-residential properties, including (a) commercial and office buildings, and (b) public and other properties, such as schools, scientific research institutions, industrial parks, public services facilities and towns. The following tables set out the breakdowns of our (i) revenue from property management services and (ii) GFA under management by property type, for the periods or as at the dates indicated:

	Year ended 31 December						**For the six months ended 30 June**			
	2016		**2017**		**2018**		**2018**		**2019**	
	Revenue		**Revenue**		**Revenue**		**Revenue**		**Revenue**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Residential communities	1,639,697	86.0	2,061,634	85.2	2,305,547	79.2	1,057,695	82.8	1,364,616	74.9
Non-residential properties										
– Commercial and office buildings	257,093	13.5	320,270	13.3	381,008	13.1	173,911	13.6	241,934	13.2
– Public and other properties	9,472	0.5	37,247	1.5	222,953	7.7	46,287	3.6	216,425	11.9
	266,565	14.0	357,517	14.8	603,961	20.8	220,198	17.2	458,359	25.1
Total	1,906,262	100.0	2,419,151	100.0	2,909,508	100.0	1,277,893	100.0	1,822,975	100.0

	As at 31 December						As at 30 June	
	2016		2017		2018		2019	
	GFA under management		GFA under management		GFA under management		GFA under management	
	'000 sq.m.	*%*	*'000 sq.m.*	*%*	*'000 sq.m.*	*%*	*'000 sq.m.*	*%*
Residential communities	74,707	91.3	92,172	86.8	115,568	60.7	121,165	46.5
Non-residential properties								
– Commercial and office buildings	4,647	5.7	6,374	6.0	6,538	3.4	6,974	2.7
– Public and other properties	2,464	3.0	7,635	7.2	68,415	35.9	132,194	50.8
	7,111	8.7	14,009	13.2	74,953	39.3	139,168	53.5
Total	81,818	100.0	106,181	100.0	190,521	100.0	260,333	100.0

The following table sets out the breakdown of our GFA under management for property management services by customer type as at the dates indicated:

	As at 31 December						As at 30 June	
	2016		2017		2018		2019	
	GFA under management		GFA under management		GFA under management		GFA under management	
	'000 sq.m.	*%*	*'000 sq.m.*	*%*	*'000 sq.m.*	*%*	*'000 sq.m.*	*%*
Related party customers	10,179	12.4	6,466	6.1	4,560	2.4	2,868	1.1
Non-related party customers								
– Property owners	71,639	87.6	99,522	93.7	185,390	97.3	257,102	98.8
– Property developers	–	–	193	0.2	571	0.3	363	0.1
	71,639	87.6	99,715	93.9	185,961	97.6	257,465	98.9
Total	81,818	100.0	106,181	100.0	190,521	100.0	260,333	100.0

During the Track Record Period, the properties we manage were developed principally by Poly Developments and Holdings Group (including its joint ventures and associates) while the rest were developed by other property developers or obtained from property owners of certain public and other properties. The following tables set out the breakdowns of (i) our revenue generated from the management of properties, and (ii) our GFA under management by source of projects and stage of projects as at the dates or for the periods indicated:

	Year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Properties developed by Poly Developments and Holdings Group[(1)]										
– Preliminary stage for residential properties[(2)]	1,570,525	82.3	1,927,390	79.6	2,083,915	71.7	978,008	76.5	1,216,658	66.7
– Property owners' association stage for residential properties[(3)]	56,275	3.0	88,585	3.7	134,999	4.6	46,243	3.6	61,374	3.4
– Non-residential properties[(4)]	254,017	13.4	304,415	12.6	358,606	12.3	166,525	13.1	231,047	12.7
Subtotal	1,880,817	98.7	2,320,390	95.9	2,577,520	88.6	1,190,776	93.2	1,509,079	82.8
Other sources of projects[(5)]										
– Preliminary stage for residential properties[(2)]	9,527	0.5	33,905	1.4	62,235	2.1	23,574	1.8	64,575	3.5
– Property owners' association stage for residential properties[(3)]	3,370	0.2	11,754	0.5	24,398	0.8	9,870	0.8	22,009	1.2
– Non-residential properties[(4)]	12,548	0.6	53,102	2.2	245,355	8.5	53,673	4.2	227,312	12.5
Subtotal	25,445	1.3	98,761	4.1	331,988	11.4	87,117	6.8	313,896	17.2
Total	1,906,262	100.0	2,419,151	100.0	2,909,508	100.0	1,277,893	100.0	1,822,975	100.0

	As at 31 December						As at 30 June	
	2016 GFA under management		2017 GFA under management		2018 GFA under management		2019 GFA under management	
	'000 sq.m.	*%*	*'000 sq.m.*	*%*	*'000 sq.m.*	*%*	*'000 sq.m.*	*%*
Properties developed by Poly Developments and Holdings Group[(1)]								
– Preliminary stage for residential properties[(2)]	69,647	85.1	82,662	77.8	98,053	51.5	100,276	38.5
– Property owners' association stage for residential properties[(3)]	2,121	2.6	4,307	4.1	6,230	3.3	6,693	2.6
– Non-residential properties[(4)]	3,450	4.2	4,410	4.2	5,086	2.6	5,162	2.0
Subtotal	75,218	91.9	91,379	86.1	109,369	57.4	112,131	43.1
Other sources of projects[(5)]								
– Preliminary stage for residential properties[(2)]	2,274	2.8	3,957	3.7	9,342	4.9	12,131	4.6
– Property owners' association stage for residential properties[(3)]	665	0.8	1,246	1.2	1,943	1.0	2,065	0.8
– Non-residential properties[(4)]	3,661	4.5	9,599	9.0	69,867	36.7	134,006	51.5
Subtotal	6,600	8.1	14,802	13.9	81,152	42.6	148,202	56.9
Total	81,818	100.0	106,181	100.0	190,521	100.0	260,333	100.0

Notes:

(1) For purposes of the above tables, "properties developed by Poly Developments and Holdings Group" refers to properties developed, solely or jointly with other parties, by members of Poly Developments and Holdings Group (including its joint ventures and associates).

(2) Refers to preliminary property management service contracts entered into with property developers for the management of residential properties.

(3) Refers to property management service contracts entered into with property owners' associations for the management of residential properties.

(4) Refers to property management service contracts entered into with customers for the management of non-residential properties.

(5) Other sources of projects refer to (i) property developers other than Poly Developments and Holdings Group (including its joint ventures and associates) and (ii) property owners of certain of public and other properties (such as schools and public service facilities).

Our average property management fee charged for residential communities developed by Poly Developments and Holdings Group, being our revenue from management of such properties for the relevant month divided by the GFA under management of such properties for each month, was approximately RMB2.14, RMB2.19, RMB2.21 and RMB2.27 per sq.m. per month for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. Our average property management fees charged for residential communities developed by other property developers, being our revenue from management of such properties for the relevant month divided by the GFA under management of such properties for each month, were approximately RMB1.19, RMB1.31, RMB1.47 and RMB1.48 per sq.m. per month for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. During the Track Record Period, our average property management fees charged for residential communities developed by other property developers were lower than for those developed by Poly Developments and Holdings Group. This was mainly because, to increase our market share with respect to the property management of other sources of projects, we obtained many of our service engagements in the vicinity of our existing managed properties from small to medium-sized property developers under which relatively lower property management fees were charged given the profile, scale and locations of such properties.

The property management fees we charged during the Track Record Period for residential communities were determined in accordance with normal commercial terms. The following table sets out our average property management fee charged for residential communities by source of projects and stage of projects for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2016	**2017**	**2018**	**2019**
	(RMB/ sq.m./month)			
Properties developed by Poly Developments and Holdings Group[(1)]				
– Preliminary stage for residential properties[(2)]	2.16	2.22	2.24	2.30
– Property owners' association stage for residential properties[(3)]	1.61	1.69	1.90	1.96
	2.14	2.19	2.21	2.27
Other sources of projects[(4)]				
– Preliminary stage for residential properties[(2)]	1.20	1.22	1.43	1.45
– Property owners' association stage for residential properties[(3)]	1.17	1.59	1.65	1.68
	1.19	1.31	1.47	1.48
Overall	2.10	2.13	2.14	2.18

Notes:

(1) For purposes of the above table, "properties developed by Poly Developments and Holdings Group" refers to residential properties developed, solely or jointly with other parties, by members of Poly Developments and Holdings Group (including its joint ventures and associates).

(2) Refers to preliminary property management service contracts entered into with property developers for the management of residential properties.

(3) Refers to property management service contracts entered into with property owners' associations for the management of residential properties.

(4) For purposes of the above table, "other sources of projects" refers to residential properties developed by property developers other than Poly Developments and Holdings Group (including its joint ventures and associates).

The average property management fee charged for residential properties developed by Poly Developments and Holdings Group at preliminary stage were higher than that at property owners' association stage during the Track Record Period. It usually takes years for property owners' association to be established for a residential community when it enters a mature phase with sufficient occupancy rates. These residential communities developed by Poly Developments and Holdings Group at property owners' association stage were generally those which we commenced to provide property management services at relatively earlier years when the initial property management fees charged were relatively low compared to projects we undertook in later years. Even though we may have raised prices for those projects over the years, their property management fees are still generally lower than newer projects which are still at the preliminary stage.

Our average property management fee charged for commercial and office buildings developed by Poly Developments and Holdings Group, being our revenue from management of such properties for the relevant month divided by the GFA under management of such properties for each month, was approximately RMB7.75, RMB8.24, RMB7.73 and RMB7.97 per sq.m. per month for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. Our average property management fee charged for commercial and office buildings from other sources of projects, being our revenue from management of such properties for the relevant month divided by the GFA under management of such properties for each month, was approximately RMB2.09, RMB2.18, RMB3.12 and RMB3.15 per sq.m. per month for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. The average property management fee we charged during the Track Record Period for commercial and office buildings developed by Poly Developments and Holdings Group were higher than that we charged for commercial and office buildings from other sources of projects. This was mainly because these commercial and office buildings developed by Poly Developments and Holdings Group generally included high-end office buildings of A grade or A plus grade that were located in major first-tier or second-tier cities in China of which higher property management fees were charged by us as compared to the other types of office and commercial buildings that we managed from other sources of projects. The property management fees we charged during the Track Record Period for commercial and office buildings were determined in accordance with normal commercial terms.

OUR CUSTOMERS AND SUPPLIERS

We have a large, growing and loyal customer base primarily consisting of (i) property owners and residents for our property management and community value-added services, and (ii) property developers for our property management services and value-added services to non-property owners. Our single largest customer during the Track Record Period was Poly Developments and Holdings Group. During the Track Record Period, we provided value-added services to non-property owners, as well as property management services to Poly Developments and Holdings Group. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, revenue from our single largest customer amounted to RMB562.5 million, RMB559.4 million, RMB678.4 million and RMB437.3 million, respectively, representing 21.9%, 17.3%, 16.0% and 15.5% of our total revenue, respectively. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, revenue from our five largest customers, which were generally property developers or non-residential properties' property owners, in aggregate amounted to RMB588.1 million, RMB601.0 million, RMB739.7 million and RMB485.9 million, respectively, representing 22.9%, 18.6%, 17.5% and 17.2% of our total revenue, respectively. The following table sets out the breakdown of our revenue by business line and customer type for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	(RMB '000)	*(%)*	*(RMB '000)*	*(%)*	*(RMB '000)*	*(%)*	*(RMB '000)* (unaudited)	*(%)*	*(RMB '000)*	*(%)*
Property management services										
Related party customers	247,949	9.7	186,702	5.8	149,170	3.5	78,920	4.2	82,583	2.9
Non-related party customers										
– Property owners	1,658,313	64.6	2,230,081	68.8	2,752,475	65.1	1,198,507	62.5	1,735,396	61.5
– Property developers	–	–	2,368	0.1	7,863	0.2	466	–	4,996	0.2
	1,658,313	64.6	2,232,449	68.9	2,760,338	65.3	1,198,973	62.5	1,740,392	61.7
Subtotal	1,906,262	74.3	2,419,151	74.7	2,909,508	68.8	1,277,893	66.7	1,822,975	64.6
Value-added services to non-property owners										
Related party customers	362,451	14.1	447,894	13.8	629,556	14.9	310,478	16.2	423,763	15.0
Non-related party customers	36,385	1.5	54,090	1.6	66,946	1.6	28,618	1.5	34,883	1.3
Subtotal	398,836	15.6	501,984	15.4	696,502	16.5	339,096	17.7	458,646	16.3
Community value-added services										
Related party customers	11,184	0.4	9,009	0.3	12,107	0.3	7,441	0.4	16,366	0.6
Non-related party customers	247,905	9.7	310,190	9.6	611,261	14.4	291,364	15.2	524,033	18.5
Subtotal	259,089	10.1	319,199	9.9	623,368	14.7	298,805	15.6	540,399	19.1
Total	**2,564,187**	**100.0**	**3,240,334**	**100.0**	**4,229,378**	**100.0**	**1,915,794**	**100.0**	**2,822,020**	**100.0**

During the Track Record Period, our suppliers primarily included (i) sub-contractors providing cleaning, greening, gardening, repair and maintenance services, and (ii) utility providers for electricity, water and heating. During the Track Record Period, most of our top five suppliers were utility providers and sub-contractors for our property management services business. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, purchase from our single largest supplier for the Track Record Period, which was a utility provider for electricity, amounted to RMB48.4 million, RMB53.3 million, RMB62.2 million and RMB55.6 million, respectively, representing 2.3%, 2.0%, 1.8% and 2.6% of our total cost of services, respectively. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, purchase from our five largest suppliers for the Track

Record Period amounted to in aggregate RMB126.4 million, RMB131.3 million, RMB151.9 million and RMB142.0 million, respectively, representing 5.9%, 5.0%, 4.4% and 6.6% of our total cost of services, respectively.

COMPETITIVE STRENGTHS

We believe that our success is mainly attributable to the following competitive strengths: (i) a property management service provider with leading industry position, extensive property management scale and outstanding financial performance, ranking first in China among the Top 100 Property Management Companies with state-owned background; (ii) strong leverage on the leading position of our Controlling Shareholder, Poly Developments and Holdings, in the real estate industry in China, leading to our highly visible and sustainable growth opportunities; (iii) outstanding market development capabilities and reputable brand with state-owned background for continually building the new service system for property management; (iv) an industry leading player in the management of service quality with consistent high-level service standards and comprehensive and diverse offerings of value-added services; (v) focus on digitisation and smart management with cost efficiency; and (vi) professional and dedicated management team with an entrepreneurial and pragmatic spirit supported by an effective human resources system.

BUSINESS STRATEGIES

We intend to implement the following strategies to increase further our market share and recognition: (i) further expand the scale of our property management business through multiple channels and to solidify our leading industry position; (ii) continue to provide a diverse range of high-quality and in-depth value-added services; (iii) further enhance application of Internet of Things combining smart management system by information technologies; and (iv) further improve our human resources training and incentive system to support sustainable development of our business.

SUMMARY OF FINANCIAL INFORMATION

The following tables set out our summary of financial information for the Track Record Period and should be read together with the consolidated financial information in Appendix I to this prospectus, including the accompanying notes, and the information set out in the section headed "Financial Information" in this prospectus. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

Summary of consolidated statements of profit or loss and other comprehensive income

	Year ended 31 December						Six months ended 30 June			
	2016		2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Revenue	2,564,187	100.0	3,240,334	100.0	4,229,378	100.0	1,915,794	100.0	2,822,020	100.0
Cost of services	(2,135,724)	(83.3)	(2,659,544)	(82.1)	(3,378,100)	(79.9)	(1,472,922)	76.9	(2,155,502)	76.4
Gross profit	428,463	16.7	580,790	17.9	851,278	20.1	442,872	23.1	666,518	23.6
Other income and other net gain/(loss)	22,874	0.9	30,988	1.0	26,638	0.6	4,851	0.3	6,589	0.2
Administrative expenses	(240,904)	(9.4)	(307,292)	(9.5)	(415,266)	(9.8)	(153,048)	(8.0)	(245,009)	(8.7)
Share of associates'/joint ventures' results	(235)	(0.0)	1,237	0.0	4,607	0.1	2,180	0.1	10,002	0.4
Finance cost	(339)	(0.0)	(399)	(0.0)	(823)	(0.0)	(329)	(0.0)	(435)	(0.0)
Other expense	(2,553)	(0.1)	(2,059)	(0.1)	(3,621)	(0.1)	(751)	(0.0)	(513)	(0.0)
Profit before income tax expense	207,306	8.1	303,265	9.4	462,813	10.9	295,775	15.4	437,152	15.5
Income tax expense	(58,131)	(2.3)	(78,583)	(2.4)	(126,746)	(3.0)	(80,352)	4.2	(116,381)	4.1
Profit for the year/period	149,175	5.8	224,682	6.9	336,067	7.9	215,423	11.2	320,771	11.4

Summary of consolidated statements of financial position

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	102,559	115,208	255,070	273,229
Current assets	1,472,918	1,996,863	2,297,362	2,725,426
Current liabilities	1,260,732	1,703,941	1,830,745	2,105,254
Net current assets	212,186	292,922	466,617	620,172
Total assets less current liabilities	314,745	408,130	721,687	893,401
Non-current liabilities	3,850	7,823	28,558	26,570
Net assets	310,895	400,307	693,129	866,831

Summary of consolidated statements of cash flows information

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Net cash generated from operating activities before changes in working capital	210,309	297,634	469,916	304,265	445,195
Net cash generated from operating activities	771,129	361,551	432,751	181,928	246,984
Net cash (used in)/generated from investing activities	(8,682)	(21,078)	(23,469)	18,051	17,713
Net cash used in financing activities	(83,737)	(937)	(212,765)	(211,264)	(155,859)
Net increase/(decrease) in cash and cash equivalents	678,710	339,536	196,517	(11,285)	108,838
Cash and cash equivalents at beginning of the year/ period	578,807	1,257,517	1,597,053	1,597,053	1,793,570
Cash and cash equivalents at end of the year/ period	1,257,517	1,597,053	1,793,570	1,585,768	1,902,408

We had relatively higher net cash generated from operating activities of RMB771.1 million in 2016 mainly because of our strengthened vigorous efforts in the collection of trade receivables from related parties in that year. During the Track Record Period, changes in our cash flows for operating activities had been to some extent impacted by the seasonal fluctuations in the collection of trade receivables as certain of our customers tend to pay their property management fees at mid-year or even more so toward year-end out of personal preference and convenience. To improve our cash flow position for operating activities, we have been closely monitoring such cash flow position and put in place various measures, in particular, for the collection of trade receivables from customers. For more details, see "Financial Information — Liquidity and Capital Resources" and "Financial Information — Description of Selected Consolidated Statement of Financial Position Items — Trade Receivables".

Key financial ratios

The following table sets out certain financial ratios relating to our Group as at the dates or for the periods indicated:

	As at and for the Year ended 31 December			As at and for the six months ended 30 June
	2016	2017	2018	2019(5)
Current ratio(1)	1.17	1.17	1.25	1.29
Quick ratio(2)	1.17	1.17	1.22	1.27
Return on equity(3)	53.8%	63.2%	61.5%	83.4%
Return on total assets(4)	10.4%	12.2%	14.4%	23.4%
Gearing ratio(6)	N/A	N/A	N/A	N/A

Notes:

(1) Current ratio is calculated by dividing total current assets by total current liabilities as at the date indicated.

(2) Quick ratio is calculated by dividing total current assets less inventories by total current liabilities as at the date indicated.

(3) Return on equity is calculated by dividing profit for the year or period by the arithmetic mean of the opening and closing balances of total equity for the relevant year or period and multiplied by 100%.

(4) Return on total assets is calculated by dividing profit for the year or period by the arithmetic mean of the opening and closing balances of total assets for the relevant year or period and multiplied by 100%.

(5) Return on equity and return on total assets ratios have been annualised to be comparable to those of prior years but are not indicative of the actual results.

(6) Gearing ratio is not applicable to us as we did not have any interest-bearing borrowings during the Track Record Period.

Return on Equity

Our return on equity in 2016, 2017 and 2018 and the six months ended 30 June 2019 was 53.8%, 63.2%, 61.5% and 83.4%, respectively. The general increase in return on equity during the Track Record Period was primarily due to the increase in our profit for the year or period as a result of business expansion and improved profitability. We had a return on equity of 63.2% in 2017 because a relatively higher amount of dividend of RMB140.0 million was declared in 2017 to our Shareholders. We had a relatively high return on equity of 83.4% in the first six months of 2019 mainly due to the relatively higher amount of profit for the period we generated coupled with the dividend of RMB160.0 million declared and paid to Shareholders in the same period.

Return on Total Assets

Our return on total assets in 2016, 2017 and 2018 and the six months ended 30 June 2019 was 10.4%, 12.2%, 14.4% and 23.4%, respectively. The general increase in return on total assets during the Track Record Period was primarily due to the increase in our profit for the year or period as a result of business expansion and improved profitability. We had a relatively high return on total assets of 23.4% in the first six months of 2019 mainly due to the relatively higher amount of profit for the period we generated.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering (without taking into account any Shares to be issued upon the exercise of the Over-allotment Option), our immediate Controlling Shareholder, Poly Developments and Holdings, will be legally interested in 75% of the issued share capital of our Company. Poly Developments and Holdings is a non-wholly owned subsidiary of Poly Southern and Poly Southern is the single largest shareholder of Poly Developments and Holdings, which, Poly Southern in turn is a wholly-owned subsidiary of China Poly Group, therefore, Poly Southern and China Poly Group are deemed by the SFO to be interested in the Shares in which Poly Developments and Holdings is interested. Accordingly, we consider China Poly Group, Poly Southern and Poly Developments and Holdings are a group of our Controlling Shareholders for the purpose of the Listing Rules. For further details, please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus.

The Listing constitutes a spin-off from Poly Developments and Holdings. The CSRC has given us its approval for the listing of our H Shares on the Hong Kong Stock Exchange and the Global Offering on 10 September 2019. As advised by our PRC Legal Advisers, our Company has obtained all necessary approvals and authorisations in the PRC in relation to the Global Offering and the Listing.

DELISTING OF OUR SHARES FROM NEEQ

Considering that the Listing on the Hong Kong Stock Exchange will further raise our brand awareness, enhance our corporate image and strengthen our corporate governance, it was resolved to voluntarily delist our Company's Shares from NEEQ. Our delisting from NEEQ was completed on 11 April 2019. For details of the reasons for delisting from NEEQ, please refer to the section headed, "History and Development — Delisting of Our Shares from NEEQ and Reasons for Seeking Listing on the Hong Kong Stock Exchange".

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$32.90 per Offer Share (being the mid-point of the Offer Price Range stated in this prospectus), will be approximately HK$4,289.7 million, after deduction of underwriting fees and commissions and estimated expenses paid and 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$32.90 per Offer Share (being the mid-point of the indicative Offer Price Range):

- Approximately 57%, or HK$2,445.1 million, will be used to pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of our property management business, among which, (i) approximately 46%, or HK$1,973.2 million, will be used to acquire, invest in or cooperate with other property management companies; and (ii) approximately 11%, or HK$471.9 million, will be used to acquire or invest in property management companies with a focus on non-residential properties;

- Approximately 15%, or HK$643.5 million, will be used to further develop our value-added services, among which, (i) approximately 9%, or HK$386.1 million, will be used to invest in companies which provide community products and services complementary to those of ours, and (ii) approximately 6%, or HK$257.4 million, will be used to upgrade hardware and develop smart community and operation services for commercial facilities to enhance the operational efficiency and user experience for our community value-added services;

- Approximately 18%, or HK$772.1 million, will be used to upgrade our systems for digitisation and smart management, among which, (i) approximately 14%, or HK$600.6 million, will be used to purchase and upgrade hardware for the establishment of our smart terminals and Internet of Things platforms so as to improve the level of our digitisation and smart management; and (ii) approximately 4%, or HK$171.5 million, will be used for (a) the establishment and development of our internal information sharing platform and database base, (b) the recruitment and cultivation of our professional and technical personnel and information management team, and (c) exploring and the trial deployment of innovative applications in various community scenarios; and

- Approximately 10%, or HK$429.0 million, will be used for working capital and general corporate purpose.

For more information, see the section headed "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus.

GLOBAL OFFERING STATISTICS

The statistics below are based on the assumption that 133,333,400 Offer Shares are issued under the Global Offering:

	Based on the low end of the indicative Offer Price Range of HK$30.70 per Share	**Based on the high end of the indicative Offer Price Range of HK$35.10 per Share**
Market capitalisation of our Shares(1)	HK$16,373.3 million	HK$18,720.0 million
Unaudited pro forma adjusted consolidated net tangible assets per Share(2)	HK$9.03	HK$10.12

Notes:

(1) The calculation of market capitalisation is based on 533,333,400 Shares will be in issue immediately following the completion of the Global Offering assuming the Over-allotment Option is not exercised.

(2) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated after the adjustments referred to in the section headed "Financial Information — Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets" in this prospectus and on the basis of 533,333,400 Shares to be in issue immediately following the completion of the Global Offering.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

As at 31 October 2019, we had expanded our property management portfolio to cover 165 cities across 27 provinces, municipalities and autonomous regions in China with an aggregate contracted GFA of 477.6 million sq.m.. In particular, we managed a total of 928 properties in China with an aggregate GFA under management of 269.5 million sq.m. as at 31 October 2019.

Our revenue for the four months ended 31 October 2019 increased as compared to the same period of 2018, which is primarily attributable to our expansion of business. Our gross profit margin for the four months ended 31 October 2019 remained relatively stable as compared to the same period of 2018.

Our Directors have confirmed that, since 30 June 2019 and up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountants' Report included in Appendix I to this prospectus.

RISK FACTORS

Our business is subject to certain risks involved in our operations, including but not limited to risks relating to our business and industry, risks relating to conducting business in the PRC and risks relating to the Listing. We believe that the following are some of the major risks that we face: (i) our historical results may not be indicative of our future prospects and results of operation and our future growth may not materialise as planned, and failure to manage any future growth effectively may have a material adverse effect on our business, financial position and results of operations; (ii) we may not procure new property management service contracts as planned or at desirable pace or price; (iii) termination or non-renewal of our property management service contracts for a significant number of properties could have a material adverse effect on our business, financial position and results of operations; (iv) our ability to maintain or improve our current level of profitability depends on our ability to control operating costs, in particular, labour and sub-contracting costs, and our profit margins and results of operations may be materially and adversely affected by the increase in labour or sub-contracting or other operating costs; and (v) we may not be able to collect property management fees from customers and as a result, may incur impairment losses on receivables. In addition, we recorded intangible assets, including goodwill and property management contracts, on our consolidated statement of financial position in connection with the acquisitions of subsidiaries during the Track Record Period and any recognition of impairment losses on such intangible assets would adversely affect our financial position.

As different interpretations and standards may be applied for determining the materiality of a risk, you should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described in the section headed "Risk Factors".

DIVIDEND POLICY

We had declared and paid dividends to our Shareholders during the Track Record Period. In May 2019, we declared a dividend payable to our Shareholders, Poly Developments and Holdings and Xizang Yingyue, in an aggregate amount of RMB160.0 million which dividend had been paid to such Shareholders as at 30 June 2019. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

Subject to the provisions of the Articles of Association and applicable PRC laws and regulations, we currently target to distribute to our Shareholders approximately 25% of our profit for the year attributable to owners of the Company from the year ending 31 December 2019 onwards. The payment and amounts of dividends (if any) depend on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects and others factors which we consider relevant. The proposed payment of dividends is subject to the absolute discretion of the Board, and, after Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders.

For more information on our dividend policy, see "Financial Information — Dividends and Dividend Policy" in this prospectus.

LISTING EXPENSES

The total listing expenses (including underwriting commissions) for the Listing of the H Shares are estimated to be approximately RMB87.1 million (assuming an Offer Price of HK$32.90 per H Share, being the mid-point of the indicative Offer Price Range), among which, approximately RMB80.5 million is directly attributable to the issuance of H Shares and will be charged to equity upon completion of the Listing, and approximately RMB6.6 million will be charged to our consolidated statement of comprehensive income. During the Track Record Period, we incurred listing expenses of RMB10.1 million, of which approximately RMB8.9 million was included in prepayments and will be subsequently charged to equity upon completion of the Listing and approximately RMB1.2 million was charged to the consolidated statement of comprehensive income. The listing expenses above are the latest practicable estimates and are provided for reference only and actual amounts may differ. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending 31 December 2019.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section entitled "Glossary of Technical Terms" in this prospectus.

"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s), **GREEN** Applications Form(s), or where the context so requires, any of them that is used in connection with the Hong Kong Public Offering
"Articles of Association" or "Articles"	the articles of association of the Company approved by Shareholders' meeting on 7 May 2019 which will become effective upon the Listing Date, as amended from time to time, a summary of which is set out in Appendix V to this prospectus
"associates"	has the meaning ascribed to it under the Listing Rules
"Board" or "Board of Directors"	the board of Directors
"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
"CAGR"	compound annual growth rate
"CBIRC"	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), established by consolidating the former China Banking Regulatory Commission (中國銀行業監督管理委員會) and the former China Insurance Regulatory Commission (中國保險監督管理委員會)
"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 operation and functions of CCASS, as from time to time in force

"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"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 Macao Special Administrative Region of the PRC and Taiwan
"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
"China Index Academy" or "CIA"	China Index Academy, our industry consultant
"China Poly Group"	China Poly Group Corporation Limited (中國保利集團有限公司), a wholly state-owned company established in the PRC on 9 February 1993, the ultimate controlling Shareholders of our Company, which is wholly owned by State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies (Winding up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "the Company", "our Company", or "issuer"	Poly Property Development Co., Ltd. (保利物業發展股份有限公司), formerly known as Guangzhou Heli Property Development Co., Ltd. (廣州合利物業發展有限公司), Poly Guangzhou Property Management Co., Ltd. (保利廣州物業管理有限公司) or Poly Property Management Co., Ltd. (保利物業管理有限公司), a limited liability company established in the PRC on 26 June 1996 and converted into a joint stock company with limited liability on 25 October 2016
"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 each of China Poly Group, Poly Southern and Poly Developments and Holdings or three of them as a group of Controlling Shareholders
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"CSDCC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
"Deed of Indemnity"	the deed of indemnity dated 29 November 2019 entered into by Poly Developments and Holdings as indemnifier in favour of our Company (for ourselves and as trustee for our subsidiaries), as further described under the section entitled "Appendix VI — Statutory and General Information — 5. Other Information — (B) Indemnities" in this prospectus
"Director(s)" or "our Directors"	the director(s) of our Company
"Domestic Shares"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for in Renminbi
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"Exchange Participant(s)"	a person: (a) who, in accordance with the Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider designated by our Company

"Group," "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
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the **IPO App** or the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified in the **IPO App** or on the designated website at **www.hkeipo.hk**
"HKFRS"	Hong Kong Financial Reporting Standards, which collectively include Hong Kong Accounting Standards and related interpretations, promulgated by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HK$", "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 H Shares (subject to reallocation) offered in the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section entitled "Underwriting — Hong Kong Underwriters" in this prospectus

"Hong Kong Underwriting Agreement"	the underwriting agreement dated 6 December 2019 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters as further described in the section entitled "Underwriting — Underwriting Arrangements and Expenses" in this prospectus
"Hunan Poly Tianchuang"	Hunan Poly Tianchuang Property Development Co., Ltd. (湖南保利天創物業發展有限公司), formerly known as Changsha City Tianchuang Property Management Limited Liability Company (長沙市天創物業管理有限責任公司), a limited liability company established in the PRC on 17 January 2008 and a subsidiary of our Group in which we held a 60% equity interest as at the Latest Practicable Date
"H Share(s)"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
"H Share Registrar"	Tricor Investor Services Limited
"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 115,999,800 H Shares initially offered by our Company for subscription at the Offer Price pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in the section entitled "Structure of the Global Offering" in this prospectus)
"International Offering"	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S, as further described in the section entitled "Structure of the Global Offering" in this prospectus
"International Underwriters"	the group of international underwriters, led by the JGC 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 12 December 2019 by, among others, our Company, the Joint Global Coordinators and the International Underwriters in respect of the International Offering, as further described in the section entitled "Underwriting—The International Offering" in this prospectus
"IPO App"	the mobile application for **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**
"JGC Representatives"	GF Securities (Hong Kong) Brokerage Limited, Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited, CLSA Limited and UBS AG Hong Kong Branch
"Joint Bookrunners"	GF Securities (Hong Kong) Brokerage Limited, Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited, CLSA Limited, UBS AG Hong Kong Branch, CCB International Capital Limited, Shenwan Hongyuan Securities (H.K.) Limited, Guotai Junan Securities (Hong Kong) Limited, CMB International Capital Limited, Essence International Securities (Hong Kong) Limited, BOCOM International Securities Limited and Wintech Securities Limited
"Joint Global Coordinators"	GF Securities (Hong Kong) Brokerage Limited, Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited, CLSA Limited, UBS AG Hong Kong Branch and CCB International Capital Limited
"Joint Lead Managers"	GF Securities (Hong Kong) Brokerage Limited, Huatai Financial Holdings (Hong Kong) Limited, ABCI Securities Company Limited, CLSA Limited, UBS AG Hong Kong Branch, CCB International Capital Limited, Shenwan Hongyuan Securities (H.K.) Limited, Guotai Junan Securities (Hong Kong) Limited, CMB International Capital Limited, Essence International Securities (Hong Kong) Limited, BOCOM International Securities Limited and Wintech Securities Limited
"Joint Sponsors"	GF Capital (Hong Kong) Limited, Huatai Financial Holdings (Hong Kong) Limited and ABCI Capital Limited
"Latest Practicable Date"	1 December 2019, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication
"Listing"	listing of our H Shares on the Hong Kong Stock Exchange

"Listing Committee"	the Listing Committee of the Hong Kong Stock Exchange
"Listing Date"	the date expected to be on or about 19 December 2019 on which dealings in our H Shares first commence on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange, which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》), as promulgated by the State Council Securities Commission and the State Restructuring Commission on 27 August 1994 and became effective on the same date, as the same may be amended and supplemented or otherwise modified from time to time
"Maximum Offer Price"	HK$35.10 per Offer Share, being the maximum subscription price in the Offer Price Range
"Minimum Offer Price"	HK$30.70 per Offer Share, being the minimum subscription price in the Offer Price Range
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外貿易經濟合作部)
"MOHURD"	the Ministry of Housing and Urban and Rural Development of the PRC (中華人民共和國住房和城鄉建設部)
"NDRC"	the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
"NEEQ"	the National Equities Exchange and Quotations (全國中小企業股份轉讓系統), a PRC over-the-counter system for trading shares of public companies

"Non-competition Undertakings"	the non-competition undertakings dated 29 November 2019 entered into by each of China Poly Group and Poly Developments and Holdings in favour of our Company, as further described under the section entitled "Relationship with Controlling Shareholders — Delineation of Our Business from Our Controlling Shareholders and Their Respective Close Associates" in this prospectus
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%) of not more than HK$35.10 and expected to be not less than HK$30.70, at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in the section entitled "Structure of the Global Offering — Allocation" in this prospectus
"Offer Price Range"	HK$30.70 to HK$35.10 per Offer Share
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional H 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 JGC Representatives (for themselves and 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 20,000,000 additional H Shares at the Offer Price to cover over-allocations in the International Offering, if any, further details of which are described in the section entitled "Structure of the Global Offering" in this prospectus
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"People's Congress"	the PRC's legislative apparatus, including the National People's Congress and all the local people's congresses (including provincial, municipal and other regional or local people's congresses) as the context may require, or any of them

"Poly Developments and Holdings"	Poly Developments and Holdings Group Co., Ltd., (保利發展控股集團股份有限公司), of which the predecessor was Guangzhou Poly Real Estate Development Co., Ltd.* (廣州保利房地產開發公司), formerly known as Poly Real Estate (Group) Co., Ltd* (保利房地產(集團)股份有限公司) and Poly Real Estate Co., Ltd* (保利房地產股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the Mainboard of Shanghai Stock Exchange (Stock Code: 600048), a Controlling Shareholder of our Company
"Poly Developments and Holdings Group"	Poly Developments and Holdings and its subsidiaries
"Poly (Hong Kong)"	Poly (Hong Kong) Holdings Limited (保利(香港)控股有限公司), a private company limited by shares incorporated in Hong Kong on 29 November 1985, which is directly held as to 50% by China Poly Group and 50% by Poly Developments and Holdings
"Poly Huichuang Chongqing"	Poly Huichuang (Chongqing) City Comprehensive Service Co., Ltd. (保利暉創(重慶)城市綜合服務有限公司), formerly known as Chongqing Xinxiangrui Property Management Co., Ltd. (重慶新祥瑞物業管理有限公司), a limited liability company established in the PRC on 20 April 1995 and a subsidiary of our Group in which we held a 51% equity interest as at the Latest Practicable Date
"Poly Southern"	Poly Southern Group Co., Ltd* (保利南方集團有限公司), formerly known as Poly Southern Co., Ltd* (保利南方總公司), a limited liability company established in the PRC on 9 July 1992, and a wholly owned subsidiary of China Poly Group
"PRC Company Law"	Company Law of the PRC (《中華人民共和國公司法》) as amended, supplemented and otherwise modified from time to time
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Legal Advisers"	DeHeng Law Offices, our legal advisers as to PRC laws
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
"Price Determination Agreement"	the agreement to be entered into by the JGC Representatives (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price

"Price Determination Date"	the date, expected to be on or around 12 December 2019 (Hong Kong time), on which the Offer Price is determined, and in any event, not later than 13 December 2019 (or such later date as the JGC Representatives and the Company may agree)
"Promoters"	refer to Poly Developments and Holdings and Xizang Yingyue
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Persons"	the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or the Company's respective directors, officers or representatives or any other parties involved in the Global Offering
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), which was merged into the State Administration for Market Regulation (國家市場監督管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"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
"Share(s)"	share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares and our H Shares
"Shareholders"	holders of our Shares

"Special Regulations"	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》), promulgated by the State Council on 4 August 1994, as amended, supplemented or otherwise modified from time to time
"Spin-off Circular"	the Circular on Issues Relevant to Regulating Offshore Listing of Securities of Domestic Listed Companies (《關於規範境內上市公司所屬企業到境外上市有關問題的通知》) promulgated by the CSRC on 21 July 2004
"sq.m."	the measurement unit of square metres
"Stabilising Manager"	UBS AG Hong Kong Branch
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"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
"Supervisor(s)"	supervisor(s) of our Company
"Supervisory Committee"	the board of Supervisors
"Track Record Period"	the period comprising the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019
"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
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant's own name

"Xizang Yingyue"	Xizang Yingyue Investment Management Co., Ltd. (西藏赢悦投資管理有限公司), a limited liability company established in the PRC on 2 June 2015, and a wholly-owned subsidiary of Poly Developments and Holdings
"**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 "2016" "2017" and "2018" in this prospectus refer to our financial year ended 31 December 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, explanations and definitions of certain terms used in this prospectus in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

"AIoT"	artificial intelligence and Internet of things
"commission basis"	a revenue generating model for our property management services whereby our fee income from property management consists only of a specified percentage of the total property management fees payable by the customers while the remainder of such property management fees would be used to cover the expenses incurred in our management of the relevant properties and any excess or shortfall of the property management fees (after deducting the relevant expenses) belong to or are borne by the relevant customers
"common area"	common areas jointly owned by the property owners, mainly including parking lots, swimming pools and advertisement bulletin boards
"contracted GFA"	GFA under management or contracted GFA to be managed by us under operating property management contracts, including both delivered and undelivered contracted GFA
"EBA"	electronic building automation
"ERP"	enterprise resource planning
"five national-level urban agglomerations"	the five major urban agglomerations in China, namely the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Pearl River Delta, the middle reaches of the Yangtze River and the Chengdu-Chongqing region, according to China Index Academy
"first-tier cities"	as at the Latest Practicable Date, included Beijing, Shanghai, Guangzhou and Shenzhen in the PRC, according to the National Bureau of Statistics of the PRC
"GFA"	gross floor area
"GFA under management"	contracted GFA of properties that have been delivered, or are ready to be delivered, for which we have started to provide property management services and are entitled to collect the relevant property management fees as at the relevant date

"Internet of Things"	a network of physical objects or items embedded with electronics, software, sensors and network connectivity, which enables these objects to collect and exchange data
"IT"	information technology
"lump sum basis"	a revenue generating model for our property management services whereby we charge a pre-determined property management fee which represents the "all-inclusive" fees for all of the property management services provided by our staff and sub-contractors with respect to the managed properties and we bear the costs and expenses in managing the relevant properties
"overall strength"	China Index Academy ranks the overall strength of property management companies by evaluating the following aspects: • property management scale, taking into account total assets, number of properties under management, GFA under management and number of cities where the company operates; • operational performance, taking into account the total revenue, net profit, revenue per employee and operating costs as a percentage to total revenue; • service quality, taking into account customer satisfaction rate, property management fee collection rate, property management contract renewal rate and number of star-level communities; • growth potential, taking into account revenue growth, growth of GFA under management, contracted GFA of reserved projects and number and composition of employees; and • social responsibility, taking into account amount of tax paid, number of job opportunities created, total GFA under management of affordable housing and amount of enterprise donation
"residential communities" or "residential properties"	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

"second-tier cities"	as at the Latest Practicable Date, included 31 major cities, other than first-tier cities in the PRC, as categorised by the National Bureau of Statistics of the PRC, including provincial capitals, administrative capitals of autonomous regions and other vice-provincial cities, according to China Index Academy
"Top 100 Property Management Companies"	an annual ranking of China-based property management companies by overall strength published by China Index Academy based on a number of key indicators, including property management scale, operational performance, service quality, growth potential and social responsibility, which comprised 100, 100, 100, 210, 200, 200 and 220 such companies, respectively, for 2012, 2013, 2014, 2015, 2016, 2017 and 2018, where the number of companies for each of 2015, 2016, 2017 and 2018 exceeded 100 as multiple companies with very close scores were assigned the same ranking by China Index Academy

We have included in this prospectus forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

We have included in this prospectus forward-looking statements that are not historical facts but relate to our intentions, beliefs, expectations or predictions for future events and conditions which may not occur at all or as we expect. Even though these statements have been made by our Directors after due and careful consideration and on bases and assumptions that we believe are fair and reasonable at the time, they nevertheless involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Some of the risks are listed in the section entitled "Risk Factors" and elsewhere in this prospectus. In some cases, you can identify these forward-looking statements by words such as "aim," "anticipate," "believe," "continue," "could," "expect," "intend," "may," "might," "plan," "potential," "predict," "project," "propose," "seek," "should," "will," "would" or similar expressions, or their negatives. These forward-looking statements include, without limitation, statements relating to:

- any changes in the laws, rules and regulations of the central and local governments in the PRC and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- our business and operating strategies and our ability to implement such strategies;
- the development of our business;
- our future business development, results of operations and financial position;
- our ability to control or reduce costs;
- our capability to identify and integrate suitable acquisition targets;
- expected growth of and changes in the PRC property management industry;
- the future competitive environment for the PRC property management industry;
- our ability to maintain a strong relationship with relevant governmental authorities, our cooperating banks and customers;
- determination of the fair value of our Shares;
- our dividend policy;
- capital market developments;
- exchange rate fluctuations and restrictions; and
- risks identified under the section entitled "Risk Factors" of this prospectus.

This prospectus also contains market data and projections 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. You should not place undue reliance on these forward looking statements.

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 and 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.

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our historical results may not be indicative of our future prospects and results of operation and our future growth may not materialise as planned, and failure to manage any future growth effectively may have a material adverse effect on our business, financial position and results of operations

We have been expanding our business in recent years and we were contracted to manage properties in China with an aggregate contracted GFA of 135.4 million sq.m., 184.5 million sq.m., 361.5 million sq.m. and 454.9 million sq.m., as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively. We seek to expand continuously through increasing the total contracted GFA and the number of properties that we manage in existing as well as new markets. For details, see "Business — Business Strategies — Further expand the scale of our property management business through multiple channels and to solidify our leading industry position". However, our expansion is based upon our forward-looking assessment of market prospect. We cannot guarantee that our assessment will always turn out to be correct or we can grow our business as planned. Our expansion plans may be affected by a number of factors beyond our control. Such factors include changes in the economic condition of the PRC in general and the per capita disposable income, changes in the real estate market and the property management market, in particular, government regulations, changes in supply and demand for our services, as well as availability of suitable and proficient property managers and third-party service providers for our expansion efforts.

To succeed in our business expansion, we will need to recruit and train new property managers and other employees, select third-party service providers as suppliers, continue to build our operations and reputation, and understand the needs and preference of the property owners and residents in the properties we manage, within a relatively short period of time. We may have limited knowledge of the local property management service markets or have little or no prior business experience in the new markets that we will expand into. In addition, we may face difficulties in adapting to the administrative and regulatory environments in new markets, which could be substantially different from those in our established markets. We may not have the same level of familiarity with local business practice or relationships with local third-party service providers and other business partners as we do in our established markets. We may have limited ability to leverage our brand name in new markets in the way that we have done so in our established markets, and may face more intense competition from other property management companies or property developers that manage their own properties in those new markets.

Furthermore, our future growth depends on our management's ability to improve our administrative, technical, operational and financial infrastructure. Our ability to grow also depends on our ability to hire, retain, train, supervise and manage additional officers and employees, replicate our business model, allocate our human resources and manage our relationships with a growing number of customers, suppliers and other business partners. Our historical results may not be indicative of our future prospects and results of operation and there can be no assurance that our future growth will materialise and that we will be able to manage our future growth effectively, and failure to do so would have a material adverse effect on our business, financial position and results of operations.

We may not procure new property management service contracts as planned or at desirable pace or price and a substantial portion of our properties under management during the Track Record Period were developed by Poly Developments and Holdings Group

During the Track Record Period, we generally procured new property management service contracts through a tender and bidding process. The selection of a property management company depends on a number of factors, including but not limited to the quality of services provided, the level of pricing and the operating history of the property management company. There is no assurance that we will be able to procure new property management service contracts in the future as planned or at desirable pace or price.

Furthermore, a substantial portion of our property management service contracts during the Track Record Period were related to the management of properties developed by Poly Developments and Holdings Group (including its joint ventures and associates). Our revenue from the management of these properties accounted for 98.7%, 95.9%, 88.6% and 82.8% of our revenue from property management services for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. Going forward, based on the public available information on Poly Developments and Holdings Group's development plan of existing projects, our relationship with Poly Developments and Holdings Group and our capabilities, we expect to be engaged for around 100 new property management projects for properties developed by Poly Developments and Holdings Group (including its joint ventures and associates) and primarily delivered from 2022 onward, representing approximately 29.0 million sq.m. of contracted GFA. Any adverse development in the operations of Poly Developments and Holdings Group or its ability to develop new properties may affect our ability to procure the relevant new property management service contracts. We cannot assure you that Poly Developments and Holdings Group will actually engage us as their property management service provider for any property they develop, particularly because the appointment of property management companies is generally subject to a tender and bidding process under PRC laws. During the Track Record Period, we had also procured property management service contracts from other sources of projects other than those developed by Poly Developments and Holdings Group. Our tender success rates for property management projects from other sources were 52.1%, 49.1%, 44.7% and 36.4%, respectively. Such tender success rates decreased during the Track Record Period mainly due to our adjusted strategy to participate in more tender and bidding processes for an increasing number of property management projects from other sources. We cannot assure you that we can procure property management service contracts from other sources as planned or at desirable pace or price. If we are not able to supplement any shortfall in managing properties developed by Poly Developments and Holdings Group with managing properties from other sources of projects at desirable pace and property management fee level, our results of operations and growth prospects may be materially and adversely affected.

Termination or non-renewal of our property management service contracts for a significant number of properties could have a material adverse effect on our business, financial position and results of operations

We generate a substantial part of our revenue from property management services performed under our property management service contracts. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, revenue generated from our property management services accounted for 74.3%, 74.7%, 68.8% and 64.6% of our total revenue, respectively. The majority of our preliminary property management service contracts do not have fixed terms. Such contracts can be terminated when (i) the property owners select another property management service provider through the property owners' general meeting and a replacement property management service contract entered into by the property owners' association takes effect, or (ii) the property owners' association is formed. The property management service contracts we entered into with property owners' associations generally have fixed terms which will need to be renewed upon expiry. For details, see “Business — Property Management Service Contracts”. There is no assurance that our services can be provided at a satisfactory level for us to be selected by the relevant property owners to enter into subsequent property management service contracts or the relevant subsequent property management service contracts can be renewed when their terms expire. Furthermore, property management service contracts accounting for more than 40% of our contracted GFA as at 30 June 2019 will expire in the year ending 31 December 2020. Termination or non-renewal of a significant number of management service contracts could have a material and negative impact on our revenue from property management services.

In addition, the performance and development of our community value-added services, to a large extent, rely upon the number of properties we manage for our property management services. Therefore, any failure to renew our property management service contracts or termination of such contracts could also adversely affect the performance of our other businesses.

Our ability to maintain or improve our current level of profitability depends on our ability to control operating costs, in particular, labour and sub-contracting costs, and our profit margins and results of operations may be materially and adversely affected by the increase in labour or sub-contracting or other operating costs

The property management industry is a labour intensive industry. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, staff cost accounted for 54.2%, 59.1%, 55.6% and 55.4%, respectively, of our total costs of services, and our sub-contracting cost represented 23.9%, 22.7%, 24.3% and 24.1%, respectively, of our total cost of services. To maintain and improve our profit margins, it is critical for us to control and reduce our labour and sub-contracting costs as well as other operating costs. We face upward pressures of increase in our labour and sub-contracting costs from various aspects, including but not limited to:

- increase in minimum wages. Minimum wages across China are set at the regional or district level based largely on standards determined by relevant local governments. The minimum wages in the regions and districts in which we operate have increased substantially in recent years, directly impacting our labour costs, as well as our sub-contracting cost;

- increase in headcount. As we expand our operations, we expect our headcount to continue to increase. In addition to our cost of labour, this increase in headcount also increases other associated costs such as those related to training and quality control measures. We will also need to retain and continuously recruit qualified employees to meet our growing demands for talent, which will further increase our total headcount. The competition for recruiting qualified employees in the PRC property management industry is intense and could require us to pay higher wages in our recruitment and employee retention efforts, resulting in an increase in our labour costs accordingly; and

- time needed for cost-saving measures to take effect. There is a lapse in time between our commencement of property management services for a particular property and any implementation of our measures to achieve the standardisation, digitisation and smart management of our operations to reduce our relevant operating costs. Before we carry out such measures, our ability to mitigate the impact of cost increase is limited.

As our business expands and our services and property management portfolio diversify, we cannot guarantee you that we will be able to control or reduce our operating costs, improve our cost structure and efficiency while continuously improving our service quality, or to successfully pass the cost impact to the property management fees charged by us so as to maintain our profitability. If we cannot achieve the above, our business, financial condition and results of operations may be materially and adversely affected.

We may be subject to losses and our profit margins may decrease if we fail to control our costs in performing our property management services on a lump sum basis

During the Track Record Period, we generated substantially all of our revenue from property management services on a lump sum basis, which accounted for 99.3%, 99.2%, 99.3% and 99.3% of our total revenue from property management services for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. On a lump sum basis, we generally charge property management fees at a pre-determined fixed lump sum price, representing "all-inclusive" fees for the property management services provided. These management fees are fixed regardless of the actual amount of property management costs we incur. We recognise as revenue the full amount of property management fees we charge to customers, and recognise as our cost of services the actual costs we incur in connection with rendering our property management services. For further details, see "Business — Revenue Model of Property Management Services". In the event that the amount of property management fees that we charge is insufficient to cover all the costs we incur for rendering the property management services, we are not entitled to collect the shortfall from the relevant customers. As a result, we may suffer losses. The revenue of property management services from our properties managed on a lump sum basis which incurred losses during the Track Record Period accounted for 2.5%, 2.7%, 1.7% and 1.7% of our total revenue for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively.

If we are unable to raise property management fees for properties managed on a lump sum basis and there is a shortfall in working capital after deducting the property management costs, our gross profit margin would be adversely affected. In such events, we may seek different measures to cut costs with a view to reducing the shortfall. However, our mitigating measures through cost-saving initiatives such as reducing labour costs and implementing energy-saving measures may not be successful in raising our profit margin, and our cost-saving efforts may negatively affect the quality of our property management services, which in turn would further reduce customers' willingness to pay us higher property management fees and, accordingly, adversely affect our reputation, business operations and financial position.

We may not be able to collect property management fees from customers and as a result, may incur impairment losses on receivables

We may encounter difficulties in collecting property management fees from customers. Even though we seek to collect overdue property management fees through various collection measures, we cannot guarantee that such measures will be effective. In addition, before accepting new engagements, we may assess the historical collectability of property management fees in these properties. However, there is no assurance that such assessment would enable us to accurately predict our future property management fee collection rates. Moreover, although most of the property management fees were paid to us through bank transfers during the Track Record Period, certain customers may choose to pay their property management fees in cash, which may impose some cash management risks on us.

The balance of our allowance for impairment of trade receivables was RMB4.0 million, RMB6.4 million, RMB6.7 million and RMB13.9 million as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively. Although our management's estimation and the related assumptions were made in accordance with information available to us at the time the allowance was determined, such estimation or assumptions may need to be adjusted if new information becomes known. 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 the new information, we may need to make more of such impairment allowance, which may in turn materially and adversely affect our business, financial position and results of operations. If we are unable to collect property management fees from customers or experience a prolonged delay in receiving such fees, our cash flow position and our ability to meet our working capital requirements may be adversely affected. We may from time to time have relatively low settlement rate of trade receivables due to seasonal fluctuations in the collection of our trade receivables as certain of our customers tend to pay their property management fees at mid-year or even more so toward year-end out of personal preference and convenience. As at 31 October 2019, RMB247.8 million, or 52.2% of our total trade receivables as at 30 June 2019 had been subsequently settled.

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

In 2016, 2017, 2018 and the six months ended 30 June 2019, revenue generated from our property management services on a commission basis accounted for 0.7%, 0.8%, 0.7% and 0.7%, respectively, of our total revenue from property management services. When we are contracted to manage communities on a commission basis, we essentially act as an agent of the property owners and residents and all transactions related to these management offices are settled through our treasury function. As at the end of a reporting period, if the working capital of a management office accumulated in our treasury function is insufficient to cover the expenses the management office has incurred and paid through our treasury function to arrange for property management services at the relevant community, the shortfall is recognised as other receivable subject to impairment.

Our management makes estimates on whether or not the management offices have the ability to settle payments on behalf of property owners and residents. In doing so they consider whether there is any objective evidence of impairment, taking into account factors such as the likelihood of subsequent settlement and write-off amounts, if any; to estimate the amount of cash flow from the receivables, they consider management fee collection rate. Except for residential communities for which we plan not to renew property management service contracts, we also assume that we will be able to renew those property management service contracts on similar terms. If a residential community consistently carries account payables that are higher than their account receivables, this indicates to us that the payments made on the behalf of those property owners and residents may have lower recoverability. Our management estimates and the assumptions on which they are based have been made with information currently available to us, and they may have to be adjusted if new information becomes known. In the event that actual recoverability is lower than initially expected, or that our allowance for bad debts becomes insufficient in light of new information, we may need to increase our allowances and thereby suffer material adverse effects on our business, financial position and results of operations.

Our community value-added services may not grow as planned

We plan to grow our community value-added services by expanding our service offerings and customer base. For further information on our community value-added services, see “Business — Community Value-added Services”. However, there is no assurance that we could grow such business as planned, and our related costs incurred may not be recovered. We need to recruit qualified employees with relevant experience to grow our community value-added services. As the market is competitive, there is no assurance that we will be able to recruit sufficient number of qualified employees to support our growth plan. In addition, the development of community value-added services also relies on our ability to tap our existing customer base from our managed properties for community value-added services, as well as our ability to identify suitable products and services to be provided via our relevant service platform. However, our current planning may be changed or certain community value-added services that we plan to offer may not be realised due to changes in demand from customers and market trends. If our community value-added services fail to attract our customers, tailor to their needs, or prove to be otherwise unsatisfactory, and we fail to grow our community value-added business as planned, our results of operations, profitability and business prospects could be adversely affected.

We rely on third-party sub-contractors to perform certain property management services and may be held responsible for their substandard services to our customers

In conducting our business, we delegate certain services, such as cleaning, gardening and greening services, to third-party sub-contractors. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our sub-contracting costs accounted for 23.9%, 22.7%, 24.3% and 24.1% of our total cost of services, respectively. We may not be able to monitor the services of our sub-contractors as directly and effectively as with of our own employees. They may take actions contrary to our instructions or requests, or be unable or unwilling to fulfil their obligations. They may not have obtained or renewed on a timely basis the relevant business permits or licence for the provision of their services. As a result, we may have disputes with our sub-contractors, or may be held responsible for their actions, either of which could lead to damages to our reputation, additional expenses and business disruptions, and potentially expose us to litigation and damage claims. We may be able to recover from a sub-contractor the amounts we are required to pay to customers due to the sub-contractor's failure to perform pursuant to the agreements that we enter into with the sub-contractor, but there is no guarantee that we will be able to do so. Upon the expiration of our agreements with our current sub-contractors, there can be no assurance that we will be able to renew such agreements or find suitable replacements in a timely manner, on terms acceptable to us, or at all. In addition, if our third-party sub-contractors fail to maintain a stable team of qualified labour or have easy access to a stable supply of qualified labour, the work process may be interrupted. Any interruption to the sub-contractors' work process may potentially result in a breach of the contract that we entered into with our customers. Any of such events could materially and adversely affect our service quality, our reputation, as well as our business, financial position and results of operations.

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

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

We had a limited number of our preliminary property management service contracts as at 30 June 2019 which were obtained without conducting the required tender and bidding process under PRC laws and regulations and the compulsory requirement of relevant local authorities (the "**Relevant Property Management Projects**"). For further details, see "Business — Property Management Services — Growth of our Property Management Services Portfolio". As confirmed by our Directors, the lack of a tender and bidding process for the selection of property management service providers for the aforementioned preliminary property management service contracts was not caused by us but the relevant property developers. As advised by our PRC Legal Advisers, there are no specific laws and regulations in the PRC which set out administrative penalties upon property management companies for failing to enter into preliminary property management service contracts through a tender and bidding process. However, such preliminary property management service contracts may be determined to be invalid by the local judicial authorities depending on the circumstances of the case. If this occurs, the relevant property developer may need to organise a tender and bidding process to select a property management service provider for their developed projects. In the case that we do not win the tender and bidding, we may not continue our property management services for the relevant projects and, as a result, our revenue and business may be negatively impacted.

We are subject to the regulatory environment and measures affecting the PRC property management and real estate industries

Our operations are affected by the regulatory environment and measures affecting the property management industry in the PRC. In particular, the fees that property management companies may charge in connection with property management services are subject to regulation and supervision by relevant regulatory authorities in the PRC. For example, for our operations in the PRC, the relevant price administration department and construction administration department of the State Council are jointly responsible for the supervision over and administration of fees charged in relation to property management services for preliminary property management service contracts and such fees may need to follow PRC government guidance prices. Although government-imposed price controls on property management fees may continue to relax over time pursuant to the Circular of the National Development and Reform Commission on Relaxing Price Controls in Certain Services (國家發展改革委關於放開部分服務價格意見的通知) (發改價格[2014]2755號), which became effective on 17 December 2014, the property management fees we charge, such as those for preliminary property management service contracts, may still need to follow guidance prices imposed by local governments in different regions in China. In addition, if the relevant projects we provide property management services for fail to make the required registration for property management fees or if such fees exceed the relevant government guidance prices, we may be subject to applicable administrative penalties and our property management fees in excess of the required part may be confiscated by the relevant PRC authorities. For more information, see "Business — Property Management Fees — Pricing of Property Management Services". Government-imposed limits and other regulatory requirement on property management fees, coupled with rising labour and other operating costs, could have a negative impact on our earnings. For properties that are managed on a lump sum basis, we may experience a decrease in profit margin. We cannot guarantee that the government regulations on property management fees and other matters concerning the property management industry will not have an adverse effect on our business, financial condition and results of operations, which may be material.

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

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

PRC could result in fewer new property development projects, or a decline in the purchasing power of residents or tenants living in the properties we manage, resulting in lower demand for our services and lower revenue for us. As such, our business, financial condition and results of operations could be materially and adversely affected.

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

The PRC property management industry is competitive and fragmented. See "Industry Overview — Competition". Our major competitors include national and regional property management companies. Competition may intensify as our competitors expand their service offerings or as new competitors enter our existing or new markets. We believe that we compete with our competitors on a number of factors,including property management portfolio, service quality, brand recognition, financial resources and price. Our competitors may have better track records, longer operating histories and greater financial, technical, sales, marketing and other resources, as well as greater brand recognition and larger customer bases. As a result, these competitors may be able to devote more resources to the development, promotion, sale, and support of their services. In addition to competition from established companies, emerging companies may enter our existing or new markets. There can be no assurance that we will be able to continue to compete effectively or maintain or improve our market position, and 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 standardisation, digitisation and smart management of operations in providing our property management services. We plan to continue with such efforts to enhance the quality and consistency of our services, improve our service teams' efficiency and reduce our costs. If we fail to continue to improve such practice, 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 compete successfully against existing and new competitors, our business, financial position, results of operations and prospects may be materially and adversely affected.

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

We had been, to certain extent, expanding our business through acquisitions of or investment in other companies during the Track Record Period and we plan to continue to evaluate opportunities to acquire or invest in other property management companies and other businesses that are complementary to our existing business and integrate their operations into our business. However, there can be no assurance that we will be able to identify suitable opportunities. Acquisitions involve uncertainties and risks, including, without limitation, potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve the intended objectives, benefits or revenue-enhancing opportunities (including failure to maintain the relevant fee level and profitability level), and diversion of resources and management attention. Even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favourable or acceptable to us, in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects.

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

In May 2016, our Company entered into a promoters agreement in relation to Yuegang Securities Holdings Co., Ltd. ("**Yuegang Securities**") with five Independent Third Parties, including, amongst others, Guangdong Utrust Investment Holdings Co., Ltd.. Pursuant to this agreement, our Company agreed to jointly establish Yuegang Securities by contribution in cash for a registered capital of RMB350 million divided into 350,000,000 shares with a par value of RMB1.00 each, representing 10% of the total shareholding of Yuegang Securities. Application for the establishment of Yuegang Securities was submitted to CSRC in June 2016. As at the Latest Practicable Date, the application was yet to be approved by CSRC. After reasonable enquiries made by our Directors and based on their knowledge and belief, the establishment of Yuegang Securities is subject to uncertainty and we cannot ensure that the application for the establishment of Yuegang Securities would be approved in the foreseeable future.

Our business is subject to third-party e-commerce payment platform processing related risks

We accept payments using a variety of methods, including payments with credit cards and debit cards issued by banks in the PRC, as well as payments through third-party e-commerce payment platforms. For certain payment methods, including credit and debit cards, we may pay interchange and other fees, which may increase over time and raise our operating costs and lower our profitability. We may also be subject to fraud and other illegal activities in connection with the various payment methods we offer, including e-commerce payment options. We are also subject to various rules and requirements, regulatory or otherwise, governing electronic funds transfers, which are subject to change or reinterpretation that could make it difficult or impossible for us to comply with. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from customers, process electronic funds transfers or facilitate other types of e-commerce payments, and our business, financial position and results of operations could be adversely affected.

System interruption and security risks, including security breaches and identity theft, may result in reduced use by our customers of our relevant service platform and applications, and expose us to the risk of litigation which could negatively affect our business, financial and operational results and damage our reputation

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

We are exposed to risks in relation to work safety and occurrence of accidents

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

Damage to the common areas of the properties we manage as a result of any natural disasters, intended or unintended actions of property owners or residents or other events could adversely affect our business, results of operations and financial position

The common areas of the properties we manage may be damaged in a variety of ways that are out of our control, including but not limited to natural disasters, property owners' or residents' intended or unintended actions, and epidemics. For example, in the event of natural disasters, such as earthquake, typhoon or flood, the common areas may be materially damaged. Although the special fund for residence maintenance could cover all or part of the cost, there can be no assurance that such fund will be sufficient. If any person purposely or recklessly sets fire or causes flooding in an apartment or common area, the exterior of the building, corridors and stairways may be damaged, or if a person commits or is suspected of having committed criminal activities within the properties, we need to allocate additional resources to assist the police and other governmental authorities on their investigations. In the event of any damage that affects the common areas, our current property owners and residents may be affected and we may have to fix the damages with our own resources and then attempt to collect fees from the property developers or property owners to cover our expenses. However, we may face difficulties in collecting such fees from them. The additional costs we incur due to damage to the common areas may increase along with our business growth and geographic expansion. For example, certain areas where we operate may be located on earthquake belt or may be subject to frequent typhoons. Although none of our assets, business, results of operations and financial positions were materiality affected during the Track Record Period and up the Latest Practicable Date, we continue to be exposed to such risks that our managed properties may suffer damage due to reasons such as natural disasters, epidemics, and property owners' or residents' intended or unintended actions or any other events.

Negative publicity, including adverse information on the internet, about us, our Shareholders and affiliates, our brand, management, business partners and products and services marketed on our service platform may have a material adverse effect on our business, reputation and the trading price of our Shares

Negative publicity about us, our Shareholders and affiliates, our brand, management, business partners and products and services offerings on our service platform may arise from time to time. Negative comments on the properties managed by us, products and services offered on our service platform, our business operations and management may appear in 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 service platform fails to meet the needs and expectations of our customers, our customers may disseminate negative comments about our services. In addition, our business partners, such as third-party merchants, on our service platform may also be subject to negative publicity for various reasons, such as customers' complaints about the quality of their products and services or other public relation incidents with respect to such business partners, which may adversely affect the provision of such products or services on our service platform and indirectly affect our reputation. Moreover, negative publicity about other service platforms for property management services or e-commerce service providers in China may arise from time to time and cause customers to lose confidence in the products and services offered through our service platform. Any such negative publicity, regardless of veracity, may have a material adverse effect on our business, our reputation and the trading price of our Shares.

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

We are required to obtain and maintain certain licences, permits, certificates and approvals for our business operations such as parking lot operation licence. We must meet various specific conditions in order for the government authorities to issue or renew any such certificate or permit. We cannot guarantee that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to our services or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our operations, we will not be able to continue with our relevant business development plans, and our business, financial condition and results of operations may be adversely affected.

Our success depends upon the retention of our senior management, as well as our ability to attract and retain qualified and experienced employees and resignation of any member of our senior management would affect our operation

Our continued success is highly dependent upon the efforts of our senior management. For their biography and industry experience, see "Directors, Supervisors and Senior Management". Our success is also dependent upon other key employees, including more than 40 of our regional head and the head of departments at our headquarters level. If either of them or any of our other key employees leaves and we are unable to promptly hire and integrate a qualified replacement, our business, financial position and results of operations may be materially and adversely affected. For further information on our senior management, see "Directors, Supervisors and Senior Management". In addition, the future growth of our business will depend in part on our ability to attract and retain qualified personnel in all aspects of our business, including but not limited to 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.

We may not be able to detect and prevent fraud or other misconduct committed by our employees or third-parties

We are exposed to fraud or other misconduct committed by our employees, sub-contractors, agents, customers or other third parties that could subject us to financial losses and sanctions imposed by governmental authorities as well as seriously harm our reputation. For example, theft conducted by third parties on the premises of our managed properties may cause us to make compensation if we were held to be negligent or reckless and will also cause us to suffer damage to our reputation in the market. Our management information system and internal control procedures are designed to monitor our operations and overall compliance. However, they may be unable to identify non-compliance and/or suspicious transactions in a timely manner, or at all. Further, it is not always possible to detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective. There will therefore continue to be the risk that fraud and other misconduct may occur, including negative publicity as a result, which may have an adverse effect on our business, reputation, financial position and results of operations.

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

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

As at the Latest Practicable Date, we had been licenced by Poly Developments and Holdings to use several of its trademarks for our operation. For details, see "Business — Intellectual Property Rights" and "Connected Transactions — (A) Continuing Connected Transactions fully exempt from the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements — Trademark Licencing Agreements". If the licensor ceases to authorise such trademarks to us, our business, financial position and results of operations may be materially and adversely affected. We are also exposed to the risk that a third-party may successfully challenge the licensor's ownership of, or our right to use, the relevant licenced trademarks or if a third-party uses such trademarks without authorisation.

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

We cannot assure you that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may be challenged by third parties, including competitors as well as other entities or individuals, for infringement of their intellectual property rights. We may not be fully aware of other parties' intellectual property rights involved in our systems, applications and business operations and there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our services or other aspects of our business without our awareness. To the extent that our employees or other parties use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions. We may have to incur considerable time and costs in dealing with any claims or litigation, and if they are successful, we may be subject tosubstantial damages, royalty payments, restrictions from conducting our business and other stringent requirements unfavourable to our business and operations. We may also be required to indemnify other parties or pay settlement costs, and to obtain licences, modify applications or refund fees, each of which may be expensive and time-consuming. Such processes may create a distraction for our management which could affect our business operations. Additionally, the interpretation and application of China's intellectual property right laws and the procedures and standards for granting intellectual property rights in China are uncertain and still evolving, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement or may be prohibited from using such intellectual property, and we may incur licencing fees or be forced to develop alternatives of our own. As a result, our business and results of operations may be materially and adversely affected.

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

We maintain certain insurance coverage primarily including public liability insurance to cover liabilities for damages suffered by third parties arising out of our business operations, personal accident insurance for some of our employees, certain property insurance and vehicle insurance. For further details, see "Business — Insurance". We believe our insurance coverage is in line with industry practice for similar property management companies in the PRC. However, we cannot assure that our insurance coverage will be sufficient or available to cover damages, liabilities or losses we may incur in the course of our business. Moreover, there are certain losses for which insurance is not available in the PRC on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. If we are held responsible for any such damages, liabilities or losses due to insufficiency or unavailability of insurance, there could be a material adverse effect on our business, financial position and results of operations.

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

We may, from time to time, be involved in disputes with and subject to claims by our customers, such as property developers, property owners or residents, to whom we provide property management and other services. Disputes may also arise if they are dissatisfied with our services. In addition, customers may take legal actions against us if they perceive that our services are inconsistent with the prescribed service standards contained in the property management service contracts. Furthermore, we may from time to time be involved in disputes with and subject to claims by other parties involved in our business, including our employees, third-party sub-contractors, other suppliers, 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.

The development of our online service platform may not be successful and we may be exposed to liabilities from disputes involving products and services marketed on our online service platform

We utilise our online service platform, mainly comprising of our "Heyuantong" (和院通) mobile application, WeChat mini programme and social media public account(s), as the gateway for users to access our services both online and offline with a view to enhancing customer experience and loyalty, as well as our brand recognition. The future development of such service platform depends on our ability to enhance the functionality of such service platform, as well as our ability to stay abreast of emerging life-style and consumer preferences to attract and appeal to users. We cannot assure you that our users will be able to have access to their desired services through our service platform, or our users may lose interest in our service platform and thus may use our service platform less frequently, if at all, which in turn, may adversely affect our business, our results of operations and our financial position.

As we collaborate with third-party merchants and may advertise their products and services on our online service platform, we may be subject to product liability arising from advertising such products or services under the Laws on the Protection and Rights and Interests of Consumers of the PRC, the Tort Law of the PRC, the Advertising Law 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 other things, that: (i) advertisements made on our service platform with respect to such products or services are false, deceptive, misleading, libellous, injurious to the public welfare or otherwise offensive; and (ii) such marketing, communications or advertising infringe on the proprietary rights of other third parties. We currently do not carry any product liability insurance coverage. Any product liability claim or governmental regulatory action could be costly and time-consuming. We could be required to pay substantial damages as a result of such claim or action. A material design, manufacturing or quality failure in the products or services advertised on our relevant service platform, safety issues or heightened regulatory scrutiny could each result in a product recall and increased product liability claims. All of these events could materially harm our brand and reputation and marketability of such products or services, cause us to lose our existing online service platform users with lower user engagement, divert our management's attention and have a material adverse effect on our business, financial position and results of operations.

We recorded intangible assets, including goodwill and property management contracts, on our consolidated statement of financial position in connection with the acquisitions of subsidiaries during the Track Record Period. Any recognition of impairment losses on such intangible assets would adversely affect our financial position

We recorded intangible assets, including goodwill and property management contracts, on our consolidated statement of financial position in connection with the acquisitions of certain subsidiaries during the Track Record Period. The goodwill recorded reflected the difference between the total acquisition consideration and the total fair value of identifiable net assets of the subsidiaries we acquired. If we fail to achieve our desired objectives or if any unforeseeable circumstances decrease the expected cash flows from acquired assets, the recoverable amount can be lower than the carrying amount on our financial statements with respect to such intangible assets. Under such circumstances, we may need to recognise the impairments losses to intangible assets, including goodwill and/or property management contracts, in our financial statements, which may reduce our assets and adversely affect our financial position.

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

During the Track Record Period, we did not register for and/or fully contribute to the social insurance and housing provident funds for certain employees. As our Directors considered the total amount of such contributions as at 30 June 2019 was immaterial, we did not make provision thereto during the Track Record Period and up to the Latest Practicable Date. As advised by our PRC Legal Advisers, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions by 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 Advisers 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. We cannot assure you that the relevant PRC authorities would not notify and require us in the future to complete registration and/or pay the outstanding contributions by a stipulated deadline, or any of our employees would not make complaints or demand for payment for any outstanding contribution. In the case we fail to pay the outstanding contributions, or to complete the housing fund registration in accordance with PRC laws and as required by the relevant PRC authorities, we may be subject to a penalty fine and/or an order from the relevant people's court to enforce such payment. For details, see "Business — Social Insurance and Housing Provident Fund Contributions".

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

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

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

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

Our customers may file complaints or claims against us regarding our services. Our customers are largely individual property owners and residents and our business is to provide property management and other services to them, which includes addressing the everyday needs of their homes and their families. These property owners and residents, even though living in the same property under our management, come from all walks of life and may have different expectations on how their properties and neighbourhoods should be managed. 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 and residents.

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 is no assurance that all property owners' and residents' expectations and demands can be addressed in a timely and effective manner. There is no guarantee that certain individual property owners and residents and/or groups of property owners and residents 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 is no guarantee that, in order to compel us to meet these demands, such property owners and residents 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, our reputation and the trading price of our Shares.

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 position. Nevertheless, our Directors cannot assure you that we will not receive customer complaints which may affect our reputation even if the complaints are frivolous or vexatious.

Any inability to comply with our environmental responsibilities may subject us to liability

We are subject to environmental protection laws, regulations and decrees that impose fines for violation of such laws, regulations or decrees. In addition, there is a growing awareness of environmental issues, and we may sometimes be expected to meet a standard which is higher than the requirement under the prevailing environmental laws and regulations. In addition, there is no assurance that more stringent environmental protection requirements will not be imposed in the future. If we are unable to comply with existing or future environmental laws and regulations or are unable to meet public expectations in relation to environmental 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 condition, results of operations and growth prospects.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Changes in the economic and social conditions of China could adversely affect our business

Given that our business operations are conducted in the PRC, our business and results of operations are subject to the economic and social policies and conditions of the PRC.

The development of Chinese economy is unique in many respects, including its structure, level of development, and growth rate. Although the PRC government has implemented measures emphasising the utilisation of market forces in the development of the Chinese economy, it still exercises macroeconomic control through means including allocation of resources and setting monetary policy. The PRC government also continues to play a significant role in regulating industries by imposing industrial policies. There is no assurance that the economic, foreign currency or legal systems of China will not develop in a way that is detrimental to our business operations. Our results of operations, financial condition and prospects may also be adversely affected by changes in foreign currency, social policies and conditions in the PRC.

In addition, while the PRC government has undergone various economic reforms in the last few decades, many of such reforms are expected to be refined, adjusted and modified from time to time based on economic and social conditions. In addition, the scope, application and interpretation of the laws and regulations relating to such reforms may not be entirely clear. Such refinement, adjustment or modification may impact our business operations in ways that we cannot predict, and any uncertainty in the scope, application and interpretation of the relevant laws and regulations may materially and adversely affect our results of operations and financial condition.

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

The PRC government, in certain cases, imposes controls on the convertibility of Renminbi into foreign currencies and the remittance of currency out of China. See “Appendix III — Taxation and Foreign Exchange — Laws and Regulations relating to Foreign Exchange Control in the PRC”. We received all of our revenue in Renminbi during the Track Record Period. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or make other payments or satisfy other foreign currency denominated obligations, if any. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

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

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

We conduct our business in Renminbi. However, following the Global Offering, we may also maintain a portion of the proceeds from the offering 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 fluctuate and the Renminbi may be revalued further 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. For example, 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.

Non-PRC Resident Holders of H Shares may be subject to PRC taxations

Under the applicable PRC tax laws, both the dividends we pay to non-PRC resident individual holders of H shares ("**non-resident individual holders**"), and gains realised through the sale or transfer by other means of H shares by such shareholders, are subject to PRC individual income tax at a rate of 20%, unless reduced by the applicable tax treaties or arrangements.

Under applicable PRC tax laws, the dividends we pay to, and gains realised through the sale or transfer by other means of H shares by, non-PRC resident enterprise holders of H shares ("**non-resident enterprise holders**") are both subject to PRC enterprise income tax at a rate of 10%, unless reduced by applicable tax treaties or arrangements. Pursuant to the Arrangements between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《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》) dated 21 August 2006, any non-resident enterprise registered in Hong Kong that holds directly at least 25% of the shares of our Company shall pay enterprise income tax for the dividends declared and paid by us at a tax rate of 5%.

According to the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Individual Income Tax Policies (《財政部國家稅務總局關於個人所得稅若干政策問題的通知》), income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise are exempt from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the SAT (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) effective as of 30 March 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On 3 February 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (《國務院轉批發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On 8 February 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to

Deepen the Reform of System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and MOF and SAT should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by MOF and SAT.

There are significant uncertainties as to the interpretation and enforcement of the relevant PRC tax laws, regulations and rules, including whether the reductions, exemptions and other beneficial tax treatments mentioned above will be revoked in the future such that all non-PRC resident individual holders of our H Shares will be subject to PRC individual income tax at a flat rate of 20%. There are also significant uncertainties as to how the PRC tax authorities interpret the relevant PRC tax laws, regulations and rules, such as the taxation of capital gains by non-PRC resident enterprises, individual income tax on dividends paid to non-PRC resident individual holders of our H Shares and on gains realised on sale or other disposition of our H Shares. PRC's tax laws, rules and regulations may also change. Any ambiguities relating to, or any change to, applicable PRC tax laws, regulations and rules as well as their interpretations and enforcement could materially and adversely affect the value of your investment in our H Shares.

The legal system in the PRC has uncertainties that could limit the legal protections available to us

The legal system in the PRC has been developing continuously. Currently effective laws and regulations may not sufficiently cover all aspects of economic activities in the PRC, and there is much uncertainty in their application, interpretation and enforcement. The PRC legal system is also partly based on government policies and administrative rules that may take effect retrospectively.

In addition, the PRC legal system is based on written statutes and may differs from other jurisdictions in many ways. Prior court decisions may be cited for reference but have limited precedential value. Accordingly, the outcome of dispute resolutions may not be consistent or predictable, and it may be difficult to enforce judgements and arbitration awards in the PRC.

Any litigation or regulatory enforcement action in the PRC may also be protracted, which may result in the diversion of our resources and management attention.

These uncertainties relating to the interpretation, implementation and enforcement of the PRC laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions may limit the legal remedies and protections available to us under the PRC laws, rules and regulations.

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 judgements obtained from non-PRC courts

A majority of our Directors and senior management members reside in the PRC, and substantially all of the assets of those people and of our Company are located 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 judgements obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with the United States, the United Kingdom, Japan and many other countries. Therefore, recognition and enforcement in China of judgements of a court in any of these jurisdictions may be difficult or even impossible.

Natural disasters, public health and public security hazards may severely disrupt our business and operations

The outbreak of any severe diseases in China such as the human swine flu, also known as Influenza A (H1N1), H5N1 avian flu or severe acute respiratory syndrome, if uncontrolled, could have an adverse effect on the overall business sentiment and environment in China, which in turn may have an adverse impact on domestic consumption and on our services. In addition, if employees are affected by a severe communicable disease, we may be required to institute measures to prevent the spread of the disease. The spread of any severe communicable disease may also affect the operations of our general suppliers and other service providers.

Moreover, China has experienced natural disasters, including earthquakes, floods, landslides and droughts in the past, resulting in deaths of people, significant economic losses and significant and extensive damage to factories, power lines and other properties, as well as blackouts, transportation and communications disruptions and other losses in the affected areas. Any future natural disasters, public health and public security hazards may, among other things, materially and adversely affect or disrupt our operations. Furthermore, such natural disasters, public health and public security hazards may severely restrict the level of economic activity in affected areas, which may in turn materially and adversely affect our business, results of operations and prospects.

RISKS RELATING TO THE GLOBAL OFFERING

Purchasers of our H 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 H Shares is higher than the consolidated net tangible assets per Share immediately prior to the Global Offering. Therefore, purchasers of our H Shares in the Global Offering will experience an immediate dilution in unaudited pro forma adjusted consolidated net tangible assets of HK$24.98 per H Share, based on the Maximum Offer Price of HK$35.10 per Offer Share.

In order to expand our business, we may consider offering and issuing additional Shares in the future. We may also issue A-Shares in the future. Purchasers of our H Shares may experience dilution in the net tangible assets value per Share of their investments in the H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share prior to the issuance of such additional Shares.

There is no prior public market for our H Shares

Prior to the Global Offering, there was no public market for our H Shares. The Offer Price Range of our H Shares was the result of negotiations among us and the JGC Representatives (for themselves and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our H Shares following the Global Offering. We have applied for listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange. A listing on the Hong Kong Stock Exchange, however, does not guarantee that an active trading market for our H Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our H Shares will not decline following the Global Offering.

The liquidity and market price of our H Shares may be volatile, which may result in substantial losses for investors subscribing for or purchasing our H Shares pursuant to the Global Offering

The price and trading volume of our H Shares may be volatile as a result of the following factors, as well as others, which are discussed in this "Risk Factors" section or elsewhere in this prospectus, some of which are beyond our control:

- actual or anticipated fluctuations in our results of operations (including variations arising from foreign exchange rate fluctuations);
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- changes in general economic conditions or other developments affecting us or our industry;
- price movements on international stock markets, the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of any lock-up or other transfer restrictions on the outstanding Shares or sales of perceived sales of additional Shares by our Company or other Shareholders.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related or disproportionate to the operating performance of particular companies. This may include a general global economic downturn, substantial volatility in equity securities markets, and volatility and tightening of liquidity in credit markets. While it is difficult to predict how long these conditions will last, they could continue to present risks for an extended period of time. If we experience such fluctuations, results of operations and financial position could be materially and adversely affected. Moreover, market fluctuations may also materially and adversely affect the market price of our H Shares.

Future issues, offers, sales or conversion of our Shares may adversely affect the prevailing market price of our H 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 H Shares. Moreover, future sales or perceived sales of a substantial amount of our H Shares or other securities relating to our H Shares in the public market may cause a decrease in the market price of our H Shares, or adversely affect our ability to raise capital in the future at a time and at a price which we deem appropriate. Our Shareholders may experience dilution in their holdings in the event we issue additional securities in future offerings.

In addition, our Domestic Shares may be converted into H Shares, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval processes shall have been duly completed and the approval from the relevant regulatory authorities, including CSRC, shall have been obtained in accordance with the regulations of the State Council's securities regulatory authorities as well as regulations, requirements and procedures of relevant overseas stock exchanges. No class shareholder vote is required for the conversion of such Shares and the listing and trading of the converted Shares on an overseas stock exchange. If a significant number of Domestic Shares are converted into H Shares, the supply of H Shares may be substantially increased, which could materially and adversely affect the prevailing price of our H Shares.

The market price of our H 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 Offer Price will be determined on the Price Determination Date. However, the Offer Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be on the fifth Business Day after the Price Determination Date. 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.

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

Prior to and immediately following the completion of the Global Offering, our Controlling Shareholders will remain having substantial control over their interests in the issued share capital of our Company. Subject to the Articles of Association and the Companies Ordinance and the Listing Rules, the Controlling Shareholders by virtue of their controlling beneficial ownership of the share capital of our Company, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of the Controlling Shareholders may differ from the interests of other Shareholders and the Shareholders are free to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

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

During the Track Record Period, we had declared and paid dividend to our Shareholders. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial position, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. In addition, we, as a company established in the PRC, are permitted to pay dividends only out of our retained earnings, if any, as determined in accordance with applicable PRC accounting standards and regulations. Under PRC law, we are required to set aside 10% of our after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of our registered capital. The statutory reserve funds are not distributable as cash dividends. There is no assurance that dividends of any amount will be declared or distributed in any year in the future.

Facts and statistics in this prospectus should not be unduly relied upon

Certain facts and other statistics in this prospectus that do not relate directly to our operations, including those relating to the PRC, the PRC economy and the PRC property management industry have been derived from various official government publications, and data from China Index Academy and publicly available sources. However, we cannot guarantee the quality or reliability of these sources. They have not been prepared or independently verified by our Company, the Joint Sponsors, or any of their respective directors, officers, affiliates, advisors or representatives, or any other parties involved in the Global Offering, and such information may not be consistent with other publicly available information.

Our Company, the Joint Sponsors, or any of their respective directors, officers, affiliates, advisors or representatives, or any other parties involved in the Global Offering make no representation as to the completeness or 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 with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. Therefore, you should not rely unduly upon such facts and statistics contained in this prospectus.

The entire prospectus should be read carefully and any information contained in press articles, media and/or research reports regarding our Company, our business, our industry or the Global Offering not contained in this prospectus should not be relied upon

There may be certain coverage in the press and/or media regarding our Company, our business, our industry and the Global Offering. 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/or media coverage regarding our Company, our business, our industry and the Global Offering containing, among other matters, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information disseminated in the articles or media and that such information was not sourced from or authorised by our Company.

We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, publication or underlying assumptions. To the extent that any of the information in the media or publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, you should read the entire prospectus carefully and should make investment decisions about us on the basis of the information contained in this prospectus only and should not rely on any other information.

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

This prospectus contains certain statements that are "forward-looking" and indicated by the use of forward-looking terms such as "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "ought to", "may", "plan", "potential", "project", "seek", "should", "will" or "would" or similar expressions. You are cautioned that any forward-looking statement involves risks and uncertainties and any or all of the assumptions relating to the forward-looking statements could prove to be inaccurate. As a result, the forward-looking statement could be incorrect. The inclusion of forward-looking statements in this prospectus should not be regarded as a representation by us that the plans and objectives will be achieved, and you should not place undue reliance on such statements.

In preparation for the Global Offering, we have applied for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Rules 8.12 and 19A.15 of the Listing Rules require a PRC-incorporated issuer to have sufficient management presence in Hong Kong. This normally means that at least two of the PRC-incorporated issuer's executive directors must be ordinarily resident in Hong Kong. Currently, none of our executive Directors resides in Hong Kong.

Since our principal business and operations are in the PRC, we do not and, for the foreseeable future, will not have executive Directors who are ordinarily resident in Hong Kong for the purposes of satisfying the requirements of Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver pursuant to Rule 19A.15 of the Listing Rules from strict compliance with Rule 8.12 of the Listing Rules, subject to, among other conditions, our appointment of:

- two authorised representatives, Ms. Wu Lanyu and Mr. Lau Kwok Yin, who will act at all times as our principal channel of communication with the Hong Kong Stock Exchange; and

- our compliance adviser, GF Capital (Hong Kong) Limited, who will act as our principal channel of communication with the Hong Kong Stock Exchange, in addition to our authorised representatives, pursuant to Rules 3A.19 and 19A.06(4) of the Listing Rules.

We have made arrangements to maintain effective communication with the Hong Kong Stock Exchange as follows:

- each of our authorised representatives referred to above will have access to our Board and senior management at all times as and when the Hong Kong Stock Exchange wishes to contact them for any matter. All of our Directors have provided their respective mobile phone numbers, office phone numbers, email addresses and facsimile numbers to the authorised representatives and the Hong Kong Stock Exchange. We will also inform the Hong Kong Stock Exchange promptly in respect of any change in our authorised representatives. All Directors who are not ordinary residents in Hong Kong have confirmed that they possess or may apply for valid travel documents to visit Hong Kong for business purposes and would be able to meet with the Hong Kong Stock Exchange in Hong Kong upon reasonable notice;

- Mr. Lau Kwok Yin, one of our authorised representatives and joint company secretaries, ordinarily resides in Hong Kong and will be readily contactable by the Hong Kong Stock Exchange at all times for any matters; and

- in accordance with Rules 3A.19 and 19A.05 of the Listing Rules, we have appointed GF Capital (Hong Kong) Limited as our compliance adviser for the period commencing on the date of Listing and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the date of Listing. Our compliance adviser will act as our additional channel of communication with the Hong Kong Stock Exchange and shall have access at all times to our authorised representatives, our Directors and other officers to ensure that they are in a position to promptly respond to queries or requests from the Hong Kong Stock Exchange.

QUALIFICATION OF JOINT COMPANY SECRETARIES

Rules 3.28 and 8.17 of the Listing Rules require our company secretary to be an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of a company secretary.

We have appointed Mr. Lau Kwok Yin as one of our joint company secretaries. Further biographical details of Mr. Lau Kwok Yin are set out in the section headed "Directors, Supervisors and Senior Management" in this prospectus. We have appointed Ms. Yang Yang as one of our joint company secretaries due to her management experience within our Group and her thorough understanding of the internal administration, business operations and corporate culture of our Group.

As Ms. Yang Yang does not have the qualifications stipulated under Rules 3.28 and 8.17 of the Listing Rules, we have appointed Mr. Lau Kwok Yin, who is ordinarily resident in Hong Kong and who has the requisite knowledge and experience under Rules 3.28 and 8.17 of the Listing Rules, to act as the joint company secretary and assist Ms. Yang Yang in discharging her duties as our company secretary. The appointment of Mr. Lau Kwok Yin as one of our joint company secretaries will end on the expiry of the three-year period after the Listing Date. We will also implement procedures to provide Ms. Yang Yang with appropriate training in order to enable her to acquire such necessary experience upon the expiry of the three-year period.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with requirements of Rules 3.28 and 8.17 of the Listing Rules. The waiver will be revoked if Mr. Lau Kwok Yin ceases to be the other joint company secretary during the three years after the Listing Date and we fail to appoint another qualified joint company secretary to assist Ms. Yang Yang. At the end of the three-year period, we will re-evaluate whether Ms. Yang Yang satisfies the qualifications specified in Rule 3.28 of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, waivers exempting us from strict compliance with (i) the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "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". Apart from the announcement and independent shareholders' approval requirements for which waivers have been sought, we will comply with the relevant requirements under Chapter 14A of the Listing Rules. For further details in this respect, please refer to the section headed "Connected Transactions" in this prospectus.

CLAWBACK MECHANISM

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of the Offer Shares under the Hong Kong Public Offering to certain percentage of the total number of the Offer Shares offered under the Global Offering if a certain prescribed total demand level is reached. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that the initial allocation of Offer Shares under the Hong Kong Public Offering shall be 13.0% of the Global Offering and in the event of over-subscription under the Hong Kong Public Offering, the JGC Representatives (for themselves and on behalf of the other Underwriters), shall apply an alternative clawback mechanism to the provisions under paragraph 4.2 of Practice Note 18 of the Listing Rules, following the closing of the application lists as disclosed in "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation and clawback".

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 Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purposes of giving information to the public with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this prospectus misleading.

CSRC APPROVAL

The CSRC has given us its approval for the listing of our H Shares on the Hong Kong Stock Exchange and the Global Offering on 10 September 2019. In granting this approval, the CSRC does not accept responsibility for the financial soundness of our Company, or for the accuracy of any of the statements made or opinions expressed in this prospectus and the Application Forms.

As advised by our PRC Legal Advisers, our Company has obtained all necessary approvals and authorisations in the PRC in relation to the Global Offering and the Listing.

HONG KONG PUBLIC OFFERING, UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

The Global Offering comprises the Hong Kong Public Offering of initially 17,333,600 Offer Shares (subject to reallocation), and the International Offering of initially 115,999,800 Offer Shares (subject to reallocation and the Over-allotment Option). For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The listing of our H Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions being that the Offer Price is agreed between the JGC Representatives (for themselves and on behalf of the Underwriters) and us. The International Offering is managed by the JGC Representatives and is expected to be underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about Thursday, 12 December 2019, subject to agreement on the Offer Price between the Company and the JGC Representatives (for themselves and on behalf of the Underwriters).

If, for any reason, the Offer Price is not agreed between the Company and the JGC Representatives (for themselves and on behalf of the Underwriters) on or before Friday, 13 December 2019 (or such later date as the parties may agree), the Global Offering will not proceed. Further details of the Underwriters and the underwriting arrangements are set out in the section entitled "Underwriting".

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company or any of the Relevant Persons.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time. Details of the structure of the Global Offering, including its conditions, are set out in the section entitled "Structure of the Global Offering," and the procedures for applying for the Hong Kong Offer Shares are set out in the section entitled "How to Apply for Hong Kong Offer Shares" and in the relevant Application Forms.

RESTRICTIONS ON OFFER AND SALE OF H SHARES

Each person acquiring the H Shares will be required to confirm, or by his acquisition of H Shares be deemed to confirm, that he is aware of the restrictions on offers and sales of the H Shares described in this prospectus.

No action has been taken to permit a public offering of the H Shares in any jurisdiction other than Hong Kong or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and/or the Application Forms and the offering and sales of the H 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 authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the H Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the U.S.

DETERMINATION OF THE OFFER PRICE

The H Shares are being offered at the Offer Price which will be determined by the JGC Representatives (for themselves and on behalf of the Underwriters) and our Company on or around Thursday, 12 December 2019, and in any event no later than Friday, 13 December 2019 (or such later date as the parties may agree). If the JGC Representatives (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on such date, the Global Offering will not proceed.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option). Our Domestic Shares may be converted to H Shares after obtaining the approval of the CSRC or the authorised approval authorities of the State Council. For more information, see "Share Capital — Conversion of Our Domestic Shares into H Shares".

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the H Shares to be listed on the Hong Kong Stock Exchange pursuant to this prospectus has been refused before the expiration of three weeks from the date of the closing of the application lists or such longer period not exceeding six weeks as may, within the said three weeks, be notified to us by or on behalf of the Hong Kong Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence at 9:00 a.m. on Thursday, 19 December 2019. Save as disclosed in this prospectus, none of our share or loan capital are listed or dealt in 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.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange and the compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisors for details of the settlement arrangements that may affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and/or dealing in the H Shares (or exercising rights attached thereto). Neither our Company nor any of the Relevant Persons accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, the H Shares.

H SHARE REGISTER AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on our H Share register of members to be maintained in Hong Kong. Our principal register of members will be maintained by us at our registered office in the PRC.

Dealings in the H Shares registered in the H Share register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

OVER-ALLOTMENT AND STABILISATION

Details with respect to the Over-allotment Option and stabilisation are set out in the sections entitled "Structure of the Global Offering—Stabilisation" and "Structure of the Global Offering— The International Offering—Over-allotment Option" in this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

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

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of H Shares will be paid to the Shareholders as recorded in our H Share register, and sent by ordinary post, at the Shareholders' own risk, to the registered address of each Shareholder.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed our H Share Registrar, and our H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until such holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Companies Ordinance, the Special Regulations and our Articles of Association;

- agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each of our Shareholders, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive. For further details, please refer to the sections entitled "Appendix IV — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and "Appendix V — Summary of The Articles of Association" in this prospectus;

- agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and

- authorises us to enter into a contract on his behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

STRUCTURE OF THE GLOBAL OFFERING

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

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in RMB and US$ have been translated, for the purpose of illustration only, into HK dollars, and vice versa, in this prospectus at the following rates:

HK$1 to RMB: 0.89802 (quoted by the PBOC for foreign exchange transactions prevailing on 29 November 2019)

US$1 to RMB: 7.0298 (quoted by the PBOC for foreign exchange transactions prevailing on 29 November 2019)

US$1 to HK$: 7.8242 (set forth in the H10 weekly statistical release of The Federal Reserve Board of the United States on 22 November 2019)

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

TRANSLATION

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities included in this prospectus for which no official English translation is available are for reference only. In case of any inconsistency, the Chinese names shall prevail.

DIRECTORS

Name	Address	Nationality
Non-executive Directors		
Mr. Huang Hai (黃海)	Room 1004, Building No.1 No. 9 Xing Sheng Road Zhujiang Xin Cheng Tian He District Guangzhou City The PRC	Chinese
Mr. Hu Zaixin (胡在新)	Room 16, Jiao No.1 Hua Nong Residential Area Da Yuan No.483 Wu Shan Road Tian He District Guangzhou City The PRC	Chinese
Executive Directors		
Mr. Li Jiahe (黎家河)	Room 601, Building No.1 No.169 Tao Jin Road Dong Shan District Guangzhou City The PRC	Chinese
Ms. Wu Lanyu (吳蘭玉)	No.30 Jiang Yan South Road Hai Zhu District Guangzhou City The PRC	Chinese
Independent non-executive Directors		
Mr. Wang Xiaojun (王小軍)	Room F, 5/F., Block 19, Positano Discovery Bay Hong Kong	Chinese
Ms. Tan Yan (譚燕)	Room 1004, Building No.1 No.745, West Area Sun Yat-sen University Hai Zhu District Guangzhou City The PRC	Chinese

Name	Address	Nationality
Mr. Wang Peng (王鵬)	Room 603, Block 1 Building No.35 Ding An Li Chong Wen District Beijing The PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Ms. Liu Huiyan (劉慧妍)	Room 2101 No.7 Hui Yue Second Street Hai Zhu District Guangzhou City The PRC	Chinese
Ms. Chen Shuping (陳淑萍)	Room 803, East No.56 Zhu Zi Street Pan Fu Road Yue Xiu District Guangzhou City The PRC	Chinese
Ms. Zhong Yu (鍾妤)	Room 501 No.34 Hua Le Road Yue Xiu District Guangzhou City The PRC	Chinese

For further information regarding our Directors and Supervisors, please refer to the section entitled "Directors, Supervisors and Senior Management" of this prospectus.

OTHER PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**GF Capital (Hong Kong) Limited** 29–30/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Central Hong Kong
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
Joint Global Coordinators	**GF Securities (Hong Kong) Brokerage Limited** 29-30/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Central Hong Kong
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	CLSA Limited 18/F, One Pacific Place 88 Queensway Hong Kong
	UBS AG Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong

Joint Bookrunners	**GF Securities (Hong Kong) Brokerage Limited** 29-30/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Central Hong Kong
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	CLSA Limited 18/F, One Pacific Place 88 Queensway Hong Kong
	UBS AG Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong
	Shenwan Hongyuan Securities (H.K.) Limited Level 19 28 Hennessy Road Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27/F, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central Hong Kong

Essence International Securities (Hong Kong) Limited
39/F, One Exchange Square
Central
Hong Kong

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Wintech Securities Limited
Unit F, 20/F
China Overseas Building
139 Hennessy Road
Hong Kong

Joint Lead Managers

GF Securities (Hong Kong) Brokerage Limited
29-30/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen's Road Central
Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

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

Shenwan Hongyuan Securities (H.K.) Limited
Level 19
28 Hennessy Road
Hong Kong

Guotai Junan Securities (Hong Kong) Limited
27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

Essence International Securities (Hong Kong) Limited
39/F, One Exchange Square
Central
Hong Kong

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Wintech Securities Limited
Unit F, 20/F
China Overseas Building
139 Hennessy Road
Hong Kong

Legal Advisers to our Company

As to Hong Kong law:
King & Wood Mallesons
13/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law:
DeHeng Law Offices
12/F, Tower B, Focus Place
19 Finance Street
Xicheng District
Beijing
PRC

Legal Advisers to Joint Sponsors and the Underwriters	*As to Hong Kong law:* **Norton Rose Fulbright Hong Kong** 38/F, Jardine House 1 Connaught Place Central Hong Kong *As to PRC law:* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Chaoyang District Beijing PRC
Auditors and Reporting Accountants	*Reporting accountants:* **BDO Limited** 25/F, Wing On Centre 111 Connaught Road Central Hong Kong
Compliance Adviser	**GF Capital (Hong Kong) Limited** 29–30/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Industry Consultant	**China Index Academy** No.20 Guogongzhuang Middle Street Tower A, Fengtai District Beijing PRC
Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

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This industry overview section contains information and statistics that are derived from government publications, data we purchased from China Index Academy and publicly available data.

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RESEARCH BACKGROUND AND METHODOLOGIES

We purchased the right to use and quote various data from publications by China Index Academy at a total sum of RMB0.8 million and supplemented these with data obtained from public sources where applicable. China Index Academy is an independent real estate research institute co-founded by experts with over 500 professional analysts. China Index Academy has extensive experience in researching and tracking the property management industry in the PRC, and has conducted research on the Top 100 Property Management Companies since 2008. In its research, China Index Academy considers primarily property management companies that have on average managed at least ten properties or an aggregate GFA of 500,000 sq.m. or above for the previous three years. China Index Academy uses research parametres and assumptions and gathers data from a multitude of primary and secondary sources, including data from property management companies (including data from reported statistics, websites and marketing materials), surveys it has conducted, data gathered from the China Real Estate Index System, the China Real Estate Statistics Yearbooks, public data from governmental authorities and data gathered for prior reports it has published. China Index Academy derives its rankings of overall strength of property management companies primarily by evaluating each property management company's property management scale, operational performance, service quality, growth potential and social responsibility. China Index Academy assesses the growth potential of a property management company primarily in terms of revenue growth, growth of total GFA under management, contracted GFA of reserved projects, and the number and composition of employees. In this section, the data analysis is primarily based on the Top 100 Property Management Companies in China.

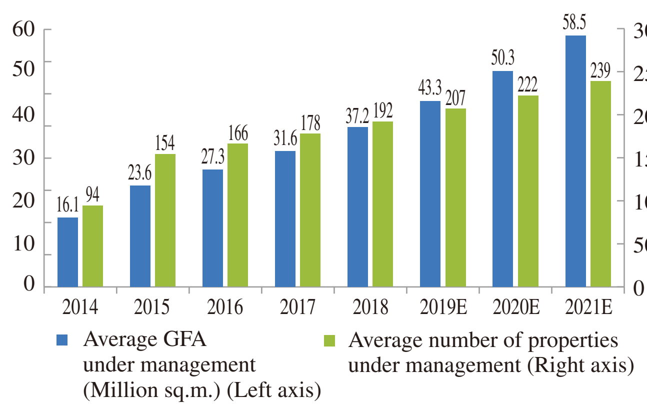
THE PROPERTY MANAGEMENT INDUSTRY IN THE PRC

Overview

The property management industry emerged in 1981 in the PRC, when the first domestic property management company was founded in the Shenzhen Special Economic Zone. Followed by the official promulgation of the Provisions on Property Management (《物業管理條例》) in 2003 and Property Law of People's Republic of China (《中華人民共和國物權法》) in 2007, the regulatory framework for the property management industry gradually took shape and matured, and an open and fair market system for the industry was established, which encouraged significant growth of the PRC property management industry. The PRC property management industry now services a wide range of properties, including residential properties, commercial properties, offices, public properties, industrial parks, schools, hospitals and other properties.

In the PRC, property management fees may be charged either on a lump sum basis or commission basis. The "lump sum" model for property management fees is the dominant revenue model in the property management industry in the PRC, especially for residential properties, as it can bring efficiency by dispensing with certain collective decision making procedures for large expenditures by property owners and residents and incentivise property management service providers to optimise their operations to enhance profitability. On the other hand, the commission model is increasingly adopted in non-residential properties to make property owners more deeply involved in the management of their properties with closer supervision over the performance of the property management service providers.

In recent years, the GFA under management and number of properties managed by the Top 100 Property Management Companies have increased rapidly as a result of swift urbanisation and continual growth in per capita disposable income in China. According to China Index Academy, the average GFA under management managed by the Top 100 Property Management Companies increased to 37.2 million sq.m. in 2018 from 16.1 million sq.m. in 2014, representing a CAGR of 23.3% and is expected to increase from 43.3 million sq.m. in 2019 to 58.5 million sq.m. in 2021, representing a CAGR of 16.3%, as the continuous expansion of property management scale of the Top 100 Property Management Companies and the GFA of commodity housing continues to increase. Meanwhile, the average number of properties managed by the Top 100 Property Management Companies increased to 192 in 2018 from 94 in 2014, representing a CAGR of 19.5% and is expected to increase from 207 in 2019 to 239 in 2021, representing a CAGR of 7.6%. The following chart sets out the historical and projected average GFA under management and the average number of properties managed by the Top 100 Property Management Companies for the years indicated:

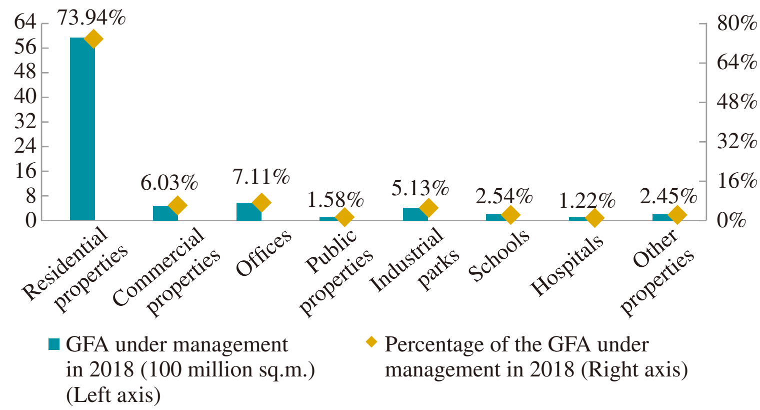


Source: China Index Academy

According to China Index Academy, the geographical coverage of the Top 100 Property Management Companies has also been expanding in recent years with the average number of cities in which the Top 100 Property Management Companies had operations increased to 29 in 2018 from 24 in 2014.

Corresponding to the significant growth in GFA under management and the number of properties managed, as well as geographical coverage, the average revenue of the Top 100 Property Management Companies increased to RMB886.2 million in 2018 from RMB425.0 million in 2014, representing a CAGR of 20.2%.

While residential properties account for the majority of the total GFA under management of the Top 100 Property Management Companies, property management companies in China have also sought to diversify the types of properties they manage. The following chart sets out the GFA under management of the Top 100 Property Management Companies by property type in 2018:



Source: China Index Academy

According to China Index Academy, a majority of the top 30 of the Top 100 Property Management Companies in China have their parent companies or controlling shareholders engaging in property development business. Out of the 220 companies comprising the Top 100 Property Management Companies for 2018[1], 167 of them manage properties developed by property developers which were their related parties, and the GFA under management of such properties accounted for approximately 50% of such property management companies' total GFA under management in 2018, according to China Index Academy.

Industry Growth Drivers

According to China Index Academy, growth of the property management industry in the PRC depends on the following key drivers:

Rapid urbanisation, increasing per capita disposable income and development of commodity housing

The level of urbanisation and per capita disposable income in the PRC have increased significantly in recent years and have accelerated the growth of the property management industry. According to China Index Academy, the urbanisation rate (being the projected average rate of the size of the urban population over the given period of time) in China increased from 33.4% for 1998 to 59.6% for 2018. The PRC property management industry is expected to continue to grow in tandem with such rising level of urbanisation. Moreover, according to China Index Academy, China's rapid economic growth has spurred continuous growth in the per capita disposable income for urban population which increased to RMB39,251 in 2018, representing a CAGR of 9.6% since 2009. Consumers in China increasingly demand better living conditions and high-quality property management services, which is another underlying driver for the growth of the PRC property management industry.

[1] The annual ranking of China-based property management companies by overall strength published by China Index Academy for 2018 comprised 220 such companies as multiple companies with very close scores were assigned the same ranking.

Following the rapid urbanisation and continuous growth in per capita disposable income, the supply of commodity residential properties (being residential properties developed for sale) also surged in China. According to China Index Academy, the total GFA of commodity residential properties sold in China increased from 1.2 billion sq.m. in 2013 to 1.5 billion sq.m. in 2018 at a CAGR of 5.0%. During the same period, the GFA of commodity residential properties under construction increased from 4.9 billion sq.m. in 2013 to 5.7 billion sq.m. in 2018 at a CAGR of 3.2%, according to China Index Academy.

Favourable policies

The promulgation of the Provisions on Property Management (《物業管理條例》) in June 2003 by the State Council marked as a milestone for the regulatory framework for the property management industry in China. Subsequently, a series of favourable policies supporting the development of the property management industry have come into effect, including but not limited to the Circular of the NDRC on the Opinions of Relaxing Price Controls in Certain Services (《國家發展改革委關於放開部分服務價格意見的通知》), which requires provincial level price administration authorities to abolish all price control or guidance policies on non-government supported properties other than government-supported housing, housing reform properties, properties in old residential areas and preliminary property management service, and the Guiding Opinions of the General Office of the State Council on Accelerating the Development of the Resident Service Industry to Promote the Upgrading of Consumption Structure (《國務院辦公廳關於加快發展生活性服務業促進消費結構升級的指導意見》), which aims to promote, among others, the standardisation of the provision of property management services as part of the industrial upgrading and diversification of the resident service sectors. The Guidelines for Smart Communities Construction (Trial) (《智慧社區建設指南(試行)》) issued in 2014 by the MOHURD encouraged and indicated customers' need for the upgrade of traditional property management services through digitisation and smart management. It broadens the scope of property management services and brings more development space for property management industry. In addition, the reform of power decentralisation and government function transition leads to more demand for property management services for public and other properties and creates more opportunities for property management companies to expand their scale of property management services for public and other properties. These laws and policies jointly create and will continue to improve a supportive and orderly environment and accelerate the development of the industry and property management companies in the PRC. For further details, see "Regulatory Overview — Laws and Regulations relating to Property Management Service and Other Related Services".

Market Trends

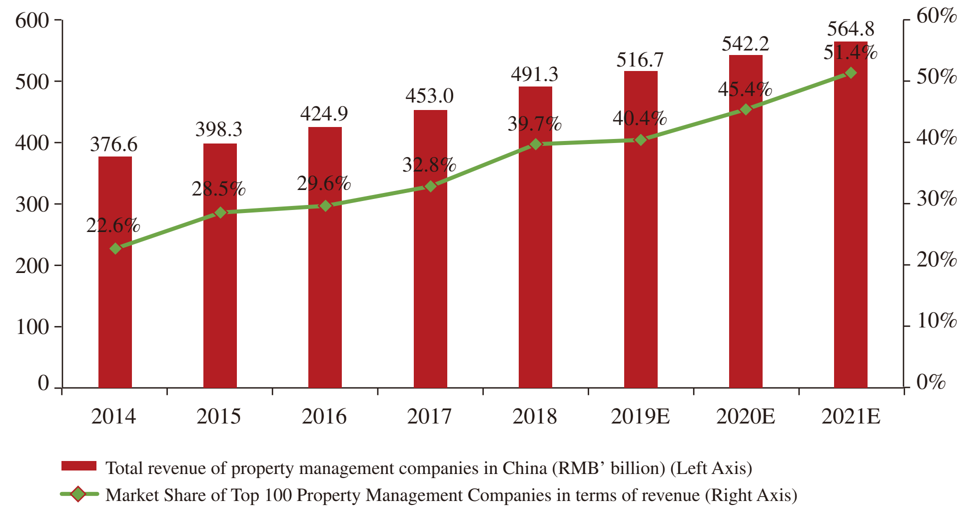
Key market trends of the property management industry in the PRC include:

- *Increasing market concentration.* The property management industry in the PRC is fragmented and competitive. Large-scale property management companies actively accelerate their expansion by means of both organic growth and mergers and acquisitions of small-and medium-sized property management companies, in order to expand the scale of property management and realise economies of scale to improve their market position. Subsequently, the market continues to become more concentrated. According to China Index Academy, the total GFA under management of the Top 100 Property Management Companies increased from 2014 to 2018 at a CAGR of 26.5% and is expected to increase from 2019 to 2021 at a CAGR of 16.0%. Meanwhile, the total GFA under management of property management companies in the PRC increased from 2014 to 2018 at a CAGR of 6.3% and is expected to increase from 2019 to 2021 at a CAGR of 7.1%. According to China Index Academy, the GFA under management concentration rate of the Top 100 Property Management Companies among property management companies in China increased from

19.5% in 2014 to 38.9% in 2018, representing a CAGR of 4.9%, and is expected to increase from 39.1% in 2019 to 48.4% in 2021, representing a CAGR of 4.7%, as the market continues to consolidate and the GFA of commodity housing continues to increase. According to China Index Academy, benefiting from the increasing market concentration, the average net profit of the top ten of the Top 100 Property Management Companies increased at a higher CAGR from 2014 to 2018 as compared to the industry average of the Top 100 Property Management Companies. The following chart sets out the historical and projected total GFA under management of property management companies in China and the aggregate market share of the Top 100 Property Management Companies in terms of the total GFA under management for the years indicated:

Source: China Index Academy

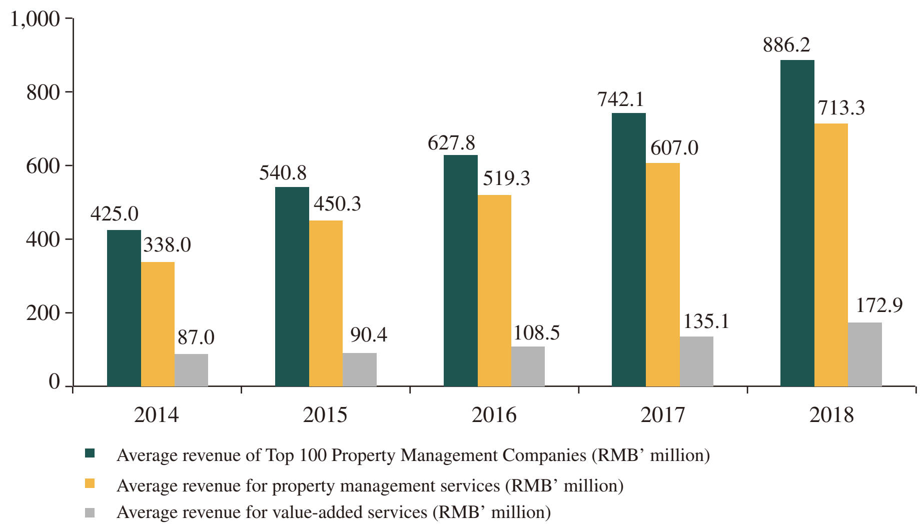
According to China Index Academy, the total revenue of property management companies in China increased from 2014 to 2018 at a CAGR of 6.9% and is expected to increase from 2019 to 2021 at a CAGR of 4.6%. According to China Index Academy, the revenue concentration rate of the Top 100 Property Management Companies among property management companies in China increased from 22.6% in 2014 to 39.7% in 2018, representing a CAGR of 4.3%, and is expected to increase from 40.4% in 2019 to 51.4% in 2021, representing a CAGR of 2.8%, as the market continues to consolidate and the GFA of commodity housing continues to increase. The following chart sets out the historical and projected total revenue of property management companies in China and the aggregate market share of the Top 100 Property Management Companies in terms of the revenue for the years indicated:



Source: China Index Academy

- *Diversified managed property types and services.* In response to evolving customer needs and facing increasing operational pressure driven by rising cost, property management companies have become increasingly willing to explore different business models and opportunities. Property management companies are increasingly diversifying the types of managed non-residential properties as management of such properties generally has a higher profit margin as compared to residential properties. Property management companies are also increasingly diversifying their revenue streams by offering various value-added services for higher profitability. These mainly include pre-delivery services and consultancy services to property developers and other property management companies and community value-added service to property owners and residents, such as community living services, e-commerce services, property value management services and other various bespoke services. According to China Index Academy, the average revenue of Top 100 Property Management Companies increased from 2014 to 2018 at a CAGR of 20.2%. The average revenue of Top 100 Property Management Companies for property management services increased from 2014 to 2018 at a CAGR of 20.5% and the average revenue of Top 100 Property Management Companies for value-added services increased from 2014 to 2018 at a

CAGR of 18.7%. The following chart sets out the average revenue of the Top 100 Property Management Companies by service type for the years indicated:



Source: *China Index Academy*

- *Emergence of smart communities.* With the prevalent adoption of the Internet, mobile applications, cloud computing, artificial intelligence, and other related technologies, as well as encouragement from the PRC government, property management companies are increasingly developing intelligent and smart management of their property management portfolio which aims to achieve digitalisation, automation, modernisation and synergy of various services through the integration of online-to-offline information and resources and provides a platform for one-stop services to property owners, residents and tenants.

- *Increasing standardisation, adoption of information technology and professionalised staff.* To enhance service quality and reduce labour costs, most of the Top 100 Property Management Companies have set up their own internal standardised operating procedures and are increasingly adopting information technologies. They are also increasingly outsourcing labour-intensive aspects of their operations to sub-contractors while placing greater emphasis on recruiting and training professionalised and skilled employees to facilitate the implementation of smart management and information technologies and promote innovations to maintain their leading market positions.

Industry Risks and Challenges

According to China Index Academy, the risks faced by the property management industry in the PRC mainly include:

- *Increasing labour costs.* The property management industry in the PRC is labour-intensive. The percentage of staff cost to cost of services of the Top 100 Property Management Companies was 53.4%, 55.8% and 57.8% for the years ended 31 December 2016, 2017 and 2018, respectively, according to China Index Academy. The minimum wage in various regions has increased in recent years. In addition, the market share of the Top 100 Property Management Companies in terms of GFA under management increased to 38.9% in 2018 from 32.4% in 2017. The Top 100 Property Management Companies need to recruit more staff to expand their property management scale and thus are expected to pay increasing staff salaries and benefits, as well as relevant training and management expenses.

- *Shortage of human resources.* The property management industry also faces challenges such as difficulty with recruitment of high quality staff with relatively low salary level to attract the right candidates, while at the same time property management companies are in need of sufficient talents reserves to improve service quality and to ensure the expansion of property management scale and future development. Development of property management companies may be hindered if they are not able to recruit sufficient suitable talents.

For more information on industry related risks, see "Risk Factors — Risks Relating to Our Business and Industry".

COMPETITION

Competitive Landscape

The property management industry is fragmented and competitive in the PRC with approximately 120,000 property management companies operating in the industry in 2018, according to China Index Academy.

As a reputable player with large and extensive property management portfolio, our property management services primarily compete against large national and regional property management companies in the PRC. Our value-added services compete against other property management companies as well as relevant industry participants providing similar services.

We are a leading property management service provider in China, ranking fourth by China Index Academy in 2019 among the Top 100 Property Management Companies in China in terms of overall strength. Since 2014, we have been ranked by China Index Academy within the top five among the Top 100 Property Management Companies in China, and ranked first among the Top 100 Property Management Companies in China with state-owned background, respectively, in terms of overall strength. In 2019, we were also ranked fourth by China Index Academy among the Top 100 Property Management Companies in terms of property management scale. Our GFA under management increased at a CAGR of 52.6% from 31 December 2016 to 31 December 2018, which was higher than the industry average of the Top 100 Property Management Companies, according to China Index Academy. The property management industry in China is highly fragmented and our GFA under management as at 31 December 2018 accounted for approximately 0.9% of the market share of property management companies in China in terms of GFA under management in 2018, according to China Index Academy.

In addition, our average GFA under management per managed property was approximately 252,345.7 sq.m. as at 31 December 2018, which was considerably higher than the industry average of only 193,652.6 sq.m. for the Top 100 Property Management Companies as at the same date.

Our revenue for the year ended 31 December 2018 was RMB4,229.4 million, accounting for approximately 0.9% of the market share of property management companies in China in terms of revenue in 2018, according to China Index Academy. The following table sets out the ten largest property management companies in China in terms of revenue for 2018:

Rank	Property management company	Revenue	Market share
		(RMB' billion)	
1	Company A	Close to 10.0	Close to 2.0%
2	Company B	More than 6.0	Close to 1.4%
3	Company C	More than 5.0	More than 1.0%
4	Company D	More than 4.5	Close to 1.0%
5	Company E	Close to 4.5	Around 0.9%
6	Our Group	4.2	Close to 0.9%
7	Company F	More than 3.5	More than 0.7%
8	Company G	Close to 3.5	Around 0.7%
9	Company H	More than 3.0	Close to 0.7%
10	Company I	More than 3.0	More than 0.6%

Source: *China Index Academy*

Entry Barriers

According to China Index Academy, entry barriers for the property management industry in the PRC mainly include:

- *Brand.* Brand reputation has been built up among top property management companies in the PRC, including ourselves, through decades of services and operations. In contrast, newer entrants, without an established brand and cultivated business relationships with industry participants, face increasing difficulty in penetrating into the market.

- *Specialisation of operations and management.* In order to better control costs and maintain service quality, standardised and automated operation models are required by properties management companies to improve their capacity to manage more properties. Large-scale property management companies have more resources to invest in standardisation, automation and smart management of their operations than new entrants.

- *Talent specialisation.* With the prevalent adoption of the Internet and other technologies, qualified employees in the property management industry are increasingly sought after. Both recruiting and retaining high-quality professional employees are considered as a main hurdle for new entrants.

DIRECTORS' CONFIRMATION

The Directors confirm that, after due enquiry, there is no material adverse change in the market information since the issue date of the abovementioned sources which may qualify, contradict or adversely impact on the information contained in this section.

Our business activities are principally based in the PRC. We are therefore required to comply with a number of PRC laws and regulations to carry out our operating activities. This section sets out a summary of the main laws, regulations applicable to our business in PRC.

LAWS AND REGULATIONS RELATING TO PROPERTY MANAGEMENT SERVICE AND OTHER RELATED SERVICES

(i) The Supervision of Property Management Enterprises

According to the Regulation on Property Management (《物業管理條例》) (Order No. 379 of the State Council), which was promulgated on 8 June 2003, came into effect since 1 September 2003, and was amended on 26 August 2007, 6 February 2016, 19 March 2018, a system of joint incentive for honesty and joint punishment for dishonesty shall be improved in the supervision of property management enterprises by the State Council's construction administration department together with other relevant departments, to strengthen the credit management of the industry.

According to Measures for the Administration on Qualifications of Property Management Enterprises (《物業管理企業資質管理辦法》) (Order No.125 of the MOHURD), which was promulgated by the MOHURD on 17 March 2004, came into effect on 1 May 2004, amended on 26 November 2007 and was abolished on 8 March 2018, a system of qualification administration was once adopted and the qualifications of a property management enterprise was classified into first, second and third grades.

According to Decision of the State Council on Canceling the Third Batch of Administrative Licencing Items Designated by the Central Government for Implementation by Local Governments (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》), which was promulgated by the State Council on 12 January 2017 and came into effect on the same day, the examination and approval of second grade or below qualifications of property management enterprises were cancelled. According to the Decision of the State Council on Canceling a Group of Administrative Licencing Items (國務院關於取消一批行政許可事項的決定) (GF [2017] No.46), which was promulgated by the State Council on 22 September 2017, the examination and approval of first grade qualification of property management enterprises was cancelled.

According to the Notice of the General Office of Ministry of Housing and Urban-Rural Development on Effectively Implementing the Work of Canceling the Qualification Accreditation for Property Management Enterprises (住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關工作的通知) (Jianbanfang [2017] No.75), which was promulgated by the General Office of MOHURD on 15 December 2017 and came into effect on the same day, application, change, renewal or re-application of the qualifications of property management enterprises shall not be accepted, and the qualifications obtained already shall not be a requirement for property management enterprises to undertake new property management projects. The real estate administration department at and above the county level shall instruct and supervise the property management work, and the integrity management system of the property management industry will be established, the supervision of property management enterprises will be based on credit appraisal.

(ii) Appointment of the Property Management Enterprise

According to Property Law of the PRC (《中華人民共和國物權法》) (Order No. 62 of the President), which was promulgated by the National People's Congress (the "**NPC**") on 16 March 2007 and came into effect on 1 October 2007, the owners of a building may manage the building and its affiliated facilities by themselves or by entrusting a property management enterprise or other management personnel. The owners are entitled to change the property management enterprise or any other management personnel hired by the developer according to law.

Property management enterprises or other management personnel shall manage the building and its ancillary facilities within the building area upon the entrustment of the owners and be subject to the supervision of the owners.

According to the Regulation on Property Management (《物業管理條例》), the selecting, employing and dismissing of property management enterprise shall be subject to the approval by owners who possess exclusive areas accounting for more than half of the total area of buildings and owners who account for more than half of the total number of owners.

Where the construction entity selects any property management enterprise before the owners and/or the owners' general meeting do so, it shall conclude a written preliminary property management contract with the enterprise. A sales contract concluded by the construction entity and the realty buyer shall include the contents stipulated in the preliminary property management contract, and when the property management contract concluded by the owners' association and the property management enterprise takes effect, the preliminary property management contract shall be terminated.

According to Interim Measures for Bid-Inviting and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》) (Jian Zhu Fang [2003] No. 130), which was promulgated by the MOHURD on 26 June 2003 and came into effect on 1 September 2003, preliminary property management services shall be implemented by the property management enterprise employed by the construction entity before the owners or the owners' general meeting select a property management enterprise at its own discretion. The construction entity of residential buildings and non-residential buildings located in the same property management areas shall engage the property management enterprises of corresponding qualification through bid-invitation and bidding.

The bid inviter shall establish tender evaluation committee consisting of an odd number of no less than five members, among which the experts in property management other than the representatives of the bid inviter shall be no less than 2-thirds of total members.

The property management experts shall be confirmed by the means of random sampling from the expert name list set up by the administrative departments of real estate, and person of interest with the bidder shall not a member of the Bidding Evaluation Commission of the relevant project.

In cases where there are no more than 3 bidders or the residence scale is relatively small, the construction entity may select the property management enterprise with corresponding qualifications through agreement upon approval by the administrative department of real estate of the people's government of the district or county of the place where the realty is located.

(iii) Fees Charged by Property Management Enterprises

According to Administrative Measures for Property Service Charges (《物業服務收費管理辦法》) (Fa Gai Jia Ge [2003] No. 1864), which was jointly promulgated by the NDRC and the MOHURD on 13 November 2003 and came into effect on 1 January 2004, property management enterprises are permitted to charge property service fees from property owners for repairing, maintaining and managing houses as well as their accompanying facilities and equipment and relevant sites, and ensuring the sanitation and order of relevant areas according to relevant property management contracts.

Property service charges shall be reasonable, transparent, and suitable for the level of services offered, and shall take into account the unique nature and characteristics of different property and be priced under the government's guidance and market regulation respectively. In what way the charges are priced shall be determined by competent price administration departments under the people's governments of all provinces, autonomous regions and municipalities directly under the Central Government, in concert with the competent departments of real estate.

As agreed between the property owners and property management enterprise, the fees for property management services can be charged either as a lump sum of all property management fees collected, in which case property owners pay fixed property management fees to property management enterprise who shall enjoy or assume all the profits or losses as its own risk, or a fixed percentage of property management fees collected, in which case property management enterprise may collect its service fees in the proportion or amount as agreed from the property management income in advance, the rest of which shall be exclusively used on the items as stipulated in the property management contract, and property owners shall enjoy or assume the surplus or shortage. Property management enterprises shall, pursuant to the applicable rules of the competent price administration departments under governments, clearly mark the prices of property services, and publish in a prominent position in areas under their management information about services, criteria of services, charging items, charging criteria, etc.

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

According to the Circular of NDRC on the Opinions for Decontrolling the Prices of Some Services (《國家發展改革委關於放開部分服務價格意見的通知》) (Fa Gai Jia Ge [2014] No. 2755) (the "**Decontrolling Service Price Opinions**"), which was promulgated by NDRC and became effective on 17 December 2014, price control on property services of non-government-supported houses was cancelled, including fees charged by a property service company from property owners for the maintenance, conservation and management of non-government- supported houses, the supporting facilities and equipment, and the relevant sites thereof, activities of maintaining the environment, sanitation, and relevant order inside the property management regions, and other actions completed in accordance with the agreement of the property service contract, upon commission of the property owners. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, decide to implement government guidance prices for charges of property management for government-supported houses, houses under housing reform, old residence communities and preliminary property management service in light of the actual situation. In decontrolling the charges of property services for government-supported houses and implementing market-regulated prices, the affordability of the supported subjects shall be considered and a subsidy mechanism shall be established.

According to the Circular of the NDRC and the Ministry of Construction on Issuing the Measures for the Supervision and Examination of Pricing Costs of Property Services (Trial) (物業服務定價成本監審辦法(試行)) (Fa Gai Jia Ge [2007] No.2285) which was jointly issued by the NDRC and the Ministry of Construction on 10 September 2007 and came into effect on 1 October 2007, competent pricing department of people's government formulates or regulates property management charging standards and implements pricing cost supervision and examination on relevant property management enterprises. Property management pricing cost is determined according to the social average cost of property management services verified by the competent pricing department of the people's government. With the assistance of competent real estate administrative department, competent pricing department is responsible to organise the implementation of the property management pricing cost supervision and examination work. Property management service pricing cost shall include staff costs, expenses for daily operations and maintenance on public facilities and equipment, green conservation costs, sanitation fee, order maintenance cost, 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.

(iv) Judicial Interpretation

According to Interpretation of the Supreme People's Court on Several Issues concerning the Specific Application of Law in Hearing Cases of Property Service Disputes (《最高人民法院關於審理物業服務糾紛案件具體應用法律若干問題的解釋》) (Fa Shi [2009] No. 8), which was promulgated by Supreme People's Court on 15 May 2009 and came into effect on 1 October 2009, the preliminary property service contract legally entered into by a construction entity and a property service enterprise and the property service contract entered into by the owners' association and the property service enterprise lawfully elected by the owners' general meeting shall be binding on the owners. Where any owner pleads against such contract as he/she is not the contract party thereto, it shall not be supported by the people's court.

Furthermore, the court shall support if property owners' association or property owners appealed for the court to confirm the clauses of property service contracts which exempt the responsibility of property service enterprise, and aggravate the responsibility or exempt the rights of property owners' association or property owners are invalid.

(v) the Guiding Opinions of the General Office of the State Council on Accelerating the Development of the Resident Service Industry to Promote the Upgrading of Consumption Structure (《國務院辦公廳關於加快發展生活性服務業促進消費結構升級的指導意見》)

On 19 November 2015, the general office of the State Council promulgated the Guiding Opinions of the General Office of the State Council on Accelerating the Development of the Resident Service Industry to Promote the Upgrading of Consumption Structure (《國務院辦公廳關於加快發展生活性服務業促進消費結構升級的指導意見》(Guo Ban Fa [2015] No. 85), which sets out the general requirements, the main tasks and the policy measures to accelerate the development of resident services and upgrade consumption structures. Such main tasks focus on the development of the living services that are closely related to the people's livelihood with vast demand potentials and strong driving forces, among others, to promoting the standardisation developments of the real estate intermediary, house leasing, property management, moving and cleaning, household vehicles maintenance and other resident services.

LAWS AND REGULATIONS RELATING TO LABOUR PROTECTION IN THE PRC

According to Labour Law of the PRC (《中華人民共和國勞動法》) (Order No. 28 of the President), which was promulgated by the SCNPC on 5 July 1994, came into effect on 1 January 1995 and was amended on 27 August 2009 and 29 December 2018, an employer shall develop and improve its rules and regulations to safeguard the rights of its workers.

According to Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) (Order No. 65 of the President), which was promulgated by the SCNPC on 29 June 2007, came into effect on 1 January 2008, and was amended on 28 December 2012, and the Implementation Regulations on Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (Order No.535 of the State Council), which was promulgated and became effective on 18 September 2008, employers and employees shall enter into written labour contracts to establish their employment relationship. The labour contracts shall set forth the terms, duties, remunerations, disciplinary rules of the employment and conditions to terminate the labour contracts. With respect to a circumstance where a labour relationship has already been established but no formal contract has been made, a written labour contracts shall be entered into within one month from the date when the employee begins to work.

According to Interim Provisions on Labour Dispatch (《勞務派遣暫行規定》), which was promulgated on 24 January 2014 and came into effect since 1 March 2014, employers may employ dispatched workers in temporary, auxiliary or substitutable positions only, and shall strictly control the number of dispatched workers which shall not exceed 10% of the total number of its workers.

According to Social Security Law of the PRC (《中華人民共和國社會保險法》) (Order No. 35 of the President), which was promulgated on 28 October 2010 and was effective from 1 July 2011, and was amended on 29 December 2018, and other relevant PRC laws and regulations such as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), Regulations on Work Injury Insurance (《工傷保險條例》), Regulations on Unemployment Insurance (《失業保險條例》) and Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), the employer shall register with the social insurance authorities and contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees, while work injury insurance and maternity insurance contributions shall be paid only by employers, and employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

According to Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) (Order No. 262 of the State Council), which was promulgated and became effective on 3 April 1999, and was amended on 24 March 2002 and 24 March 2019, employers shall undertake registration at the competent administrative centre of housing fund and then, upon the verification by such administrative centre of housing fund, go to a commissioned bank to go through the formalities of opening housing provident fund accounts on behalf of its employees.

The employer shall timely pay up and deposit housing provident fund contributions in full amount and late or insufficient payments shall be prohibited. The employer shall process housing provident fund payment and deposit registrations with the housing provident fund administration centre. With respect to companies who violate the above regulations and fail to process housing provident fund payment and deposit registrations or open housing provident fund accounts for their employees, such companies shall be ordered by the housing provident fund administration centre to complete such procedures within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than 10,000 yuan nor more than 50,000 yuan shall be imposed. When an employer breach these regulations and fail to pay up housing provident fund contributions in full amount as due, the housing provident fund administration centre shall order such it to pay up within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

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

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

China has adopted legislations related to intellectual property rights, including application, obtaining or licencing of rights on trademarks, patents, copyrights and domain names.

According to Trademark Law of the PRC (《中華人民共和國商標法》) (Order No.10 of SCNPC), which was promulgated on 23 August 1982, and amended on 22 February 1993, 27 October 2001, 30 August 2013 and 1 November 2019, and Implementation Regulations on the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) (Order No.358 of the State Council) which was promulgated by the State Council on 3 August 2002 and amended on 29 April 2014, the trademark registrant may, by concluding a trademark licencing contract, authorise others to use the registered trademark. The licensor shall supervise the quality of the goods on which the licencee uses the licensor's registered trademark, and the licencee shall guarantee the quality of the goods on which the registered trademark is used. For licenced use of a registered trademark, the licensor shall file record of the licencing of the said trademark with the trademark bureau, while non-filing of the licencing of a trademark shall not be contested against a good faith third-party.

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

The Copyright Law of the PRC (中華人民共和國著作權法) (No.31 Order of the President), which was issued by the SCNPC on 7 September 1990, came into effect on 1 June 1991 and amended on 27 October 2001 and 26 February 2010, specifies that works of Chinese citizens, legal persons or other organisations, including literature, art, natural sciences, social sciences, engineering technologies and computer software created in writing or oral or other forms, whether published or not, all enjoy the copyright. Copyright holder can enjoy multiple rights, including the right of publication, the right of authorship and the right of reproduction.

The Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) (No.1 Order of the National Copyright Administration), which was issued by the National Copyright Administration on 20 February 2002, and came into effect on the same day, regulates the registration of software copyright, the exclusive licencing contract and transfer contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management of national software copyright and recognises the China Copyright Protection Centre as the software registration organisation. The China Copyright Protection Centre will grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computers Software (計算機軟件保護條例) (No.339 Order of the State Council) (issued by the State Council on 20 December 2001, came into effect on 1 January 2002 and revised on 8 January 2011 and 30 January 2013).

According to the Administrative Measures for Internet Domain Names (互聯網域名管理辦法) (No.43 Order of the Ministry of Industry and Information Technology), which was issued by the Ministry of Industry and Information Technology on 24 August 2017 and came into effect on 1 November 2017, the Ministry of Industry and Information Technology is responsible for managing Internet network domain names of China. The ".CN" and the ".zhongguo (in Chinese character)" shall be China's national top level domains. 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 about the domain name holder's identity for the registration purpose, and sign the registration agreements. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

OUR HISTORY

Our Company was established on 26 June 1996 as a limited liability company under the applicable PRC laws, with a registered capital of RMB3 million. At the time of our establishment, our Company was named "Guangzhou Heli Property Development Co., Ltd (廣州合利物業發展有限公司)" and was directly owned as to 80% and 20% by Poly Developments and Holdings and Poly Southern, respectively. Poly Developments and Holdings focuses on the business of real estate development and operation, and builds a platform to achieve the ecological development of real estate, which is driven by the real estate investment and development business as its core, with integrated services and real estate finance business as two wings. Poly Southern is principally engaged in development and operation of properties, property management, property agency services as well as investment and management of self-owned fund, etc. Since our establishment, we underwent several capital increases and equity transfers. For details of the said capital increases and equity transfers, please refer to the sub-section headed "Capital Increases and Equity Transfers" in this section.

In preparation for the listing on the NEEQ, our Company was converted from a limited liability company into a joint stock company with limited liability on 25 October 2016 upon registration with Guangzhou City Market Supervision and Administration Bureau (廣州市市場監督管理局) (formerly known as Guangzhou City Administration for Industry and Commerce (廣州市工商行政管理局)). For details of the said conversion, please refer to the sub-section headed "Conversion into a Joint Stock Company" in this section.

Our Company was listed on the NEEQ on 29 August 2017. Afterwards, by our Company's voluntary application, our Company's Shares were delisted from the NEEQ on 11 April 2019. Immediately before our then issued Shares were delisted from the NEEQ, none of our then issued Shares were traded on the NEEQ market, and hence, there was no trading price and no market capitalisation was recorded. For details of the said prior listing on and delisting from the NEEQ, please refer to the sub-section headed "Prior Listing on NEEQ and Subsequent Delisting of our Company" in this section.

MILESTONES

Set out below is a list of key milestones in the founding and development of our Group:

Year	Milestones
1996	Our Company was established
2003	Our Group's property management project — Guangzhou Poly Garden was awarded "National Property Management Demonstration Residential Community" by MOHURD
2005	Our Group started our national layout, expanded and established branch office in Shanghai to undertake the property management of the Shanghai Poly 12 Oak Garden
	Our Group obtained the "Level One Property Management" qualification from MOHURD
2009	Our Group was awarded the ISO14001 certificate in environmental management system by China Quality Certification Centre

	Our Group was awarded the ISO9001 certificate in quality management system by China Quality Certification Centre
2010	Our Group announced the "Family Home" special property service brand
2011 to 2019	Our Group was named the "China's Leading Service Provider" by China Index Academy for nine consecutive years
2014 to 2019	Our Group was rated as top five of Top 100 Property Management Companies in China by China Index Academy in terms of comprehensive strength for six consecutive years
2016	Our Company was converted from a limited liability company into a joint stock company with limited liability
	Our Group was awarded the OHSAS18001 certificate in occupational health and safety management system by China Quality Certification Centre
2017	Our Group's brand value for 2016 reached RMB4.8 billion according to China Index Academy's valuation
2017 to 2019	Our Company's Shares had been listed on the NEEQ
2018	Our Group started to develop a nationwide campus property management platform through acquisition of Hunan Poly Tianchuang
	Our Group was relatively early in the industry to get involved in township public management according to China Index Academy and released the "Zhenxing China" brand strategy
	Our Group was awarded the ISO55001 certificate in Asset Management System and ISO/IEC 27001 certificate in Information Security Management System by China Quality Certification Centre
	Our Group's brand value for 2017 reached RMB6.5 billion according to China Index Academy's valuation
2019	Our Group's brand value for 2018 exceeded RMB9 billion according to China Index Academy's valuation

CAPITAL INCREASES AND EQUITY TRANSFERS

Our Company underwent the following several rounds of capital increases and equity transfers.

The table below sets out the details of such capital increases and equity transfers:

Month/ Year	Event
May 2003	Pursuant to the shareholders' resolution of our Company dated 21 March 2003, Poly Southern and Poly Developments and Holdings entered into an equity transfer agreement, pursuant to which Poly Southern transferred 10% equity interest in our Company to Poly Developments and Holdings at a consideration of RMB300,000. On 6 May 2003, Poly Southern and Guangzhou Fuli Construction Design Co., Ltd (廣州富利建築設計有限公司) ("**Fuli Design**") entered into an equity transfer agreement, pursuant to which Poly Southern transferred 10% equity interest in our Company to Fuli Design at a consideration of RMB300,000. Poly Southern ceased to be a direct shareholder of our Company thereafter. On 21 May 2003, the registered capital of our Company was increased from RMB3 million to RMB5 million. The additional capital was contributed in cash by Poly Developments and Holdings and Fuli Design according to their then respective shareholding in our Company. The above capital increase had been fully paid up as of 6 May 2003. Upon completion of the above equity transfers and capital increase, our Company was held as to 90% and 10% by Poly Developments and Holdings and Fuli Design, respectively.
April 2009	Pursuant to the shareholders' resolution of our Company dated 1 April 2009, Poly Developments and Holdings and Fuli Design entered into an equity transfer agreement, pursuant to which Fuli Design transferred 10% equity interest in our Company to Poly Developments and Holdings at a consideration of RMB500,000. Upon completion of the above equity transfer, our Company was wholly owned by Poly Developments and Holdings.

May 2011	On 19 May 2011, the registered capital of our Company was increased from RMB5 million to RMB50 million. The additional capital was contributed in cash and had been fully paid up by Poly Developments and Holdings as of 3 May 2011.
May 2016	On 26 May 2016, the registered capital of our Company was increased from RMB50 million to RMB52,631,579. The additional capital was contributed in cash and had been fully settled by Xizang Yingyue as of 25 May 2016. Upon completion of the said capital contribution, our Company was owned as to 95% and 5% by Poly Developments and Holdings and Xizang Yingyue, respectively.
October 2016	On 26 September 2016, the shareholders of our Company agreed to convert our Company into a joint stock company with limited liability with a registered capital of RMB100 million divided into 100,000,000 Domestic Shares with a par value of RMB1.00 each. The conversion was completed on 25 October 2016.
May 2019	On 10 May 2019, the registered capital of our Company was increased from RMB100 million to RMB400 million by capitalisation of capital reserves of RMB80 million and undistributed profit of RMB220 million in proportion of the then shareholdings of the shareholders. Upon completion of the capital increase, the total issued shares of our Company was increased from 100,000,000 Domestic Shares to 400,000,000 Domestic Shares; and our Company remained to be owned as to 95% and 5% by Poly Developments and Holdings and Xizang Yingyue, respectively.

CONVERSION INTO A JOINT STOCK COMPANY

On 26 September 2016, the then shareholders of our Company (also being the promoters) entered into the promoters' agreement pursuant to which they agreed to convert our Company into a joint stock company with limited liability with a registered capital of RMB100 million divided into 100,000,000 Domestic Shares with a par value of RMB1.00 each, which was determined with reference to the net asset value of the Company of RMB183,962,024.98 as at 31 May 2016, as appraised and verified by an independent accountant with the remaining sum of RMB83,962,024.98 being recognised as capital reserve.

Upon completion of the said conversion on 25 October 2016, our Company was converted into a joint stock company with limited liability and we were incorporated under the name of Poly Property Development Co., Ltd. (保利物業發展股份有限公司). The then shareholders and their respective equity interests in our Company remained unchanged immediately before and after the conversion of our Company into a joint stock company with limited liability.

MAJOR ACQUISITIONS AND PROPOSED INVESTMENT

Acquisition of Hunan Poly Tianchuang

On 29 June 2018, we entered into a sale and purchase agreement with each of Mr. Yi Shuai and Mr. Luo Zan, both being Independent Third Parties for the acquisition of 60% of the total shareholdings of Hunan Poly Tianchuang with a total consideration of RMB78.0 million after arm's length negotiation. Hunan Poly Tianchuang is principally engaged in property management and other community services. The acquisition was made with the aim of building up a property management platform for campus; and at the same time, expanding our existing scale of operation and enlarging our market presence geographically.

Upon the completion of the acquisition, Hunan Poly Tianchuang was owned as to 60% and 40% by us and the Independent Third Parties, respectively.

Acquisition of Poly Huichuang Chongqing

On 11 April 2019, we entered into a sale and purchase agreement with Chongqing Shiji Hengrun Industry Co., Ltd. (重慶世紀恒潤實業有限公司) and Chongqing Xiangrui Holdings Group Co., Ltd. (重慶祥瑞控股集團有限公司) (formerly known as Chongqing Xiangrui Property Group Co., Ltd. (重慶祥瑞房地產集團有限公司)), both being Independent Third Parties for the acquisition of 51% of the total shareholding of Poly Huichuang Chongqing with a consideration of RMB4.08 million after arm's length negotiation. Poly Huichuang Chongqing is principally engaged in provision of property management and other community services. The acquisition was made with the aim of expanding our existing scale of operation and enlarging our market presence geographically.

Upon the completion of the acquisition, Poly Huichuang Chongqing was owned as to 51% and 49% by us and the above-mentioned Independent Third Parties, respectively.

Proposed Investment

Background

In early 2016, Poly Developments and Holdings was aware of an opportunity to invest with five Independent Third Parties in the establishment of a company which will engage in securities related businesses (the "**Proposed Investment**"). Due to the relatively limited number of securities license and given that our Company was a wholly-owned subsidiary of Poly Developments and Holdings at the relevant time in 2016, Poly Developments and Holdings designated our Company to take up this investment opportunity.

The Proposed Investment

On 23 May 2016, our Company entered into Yuegang Securities Holdings Co., Ltd Promoters Agreement (粵港證券股份有限公司發起人協議) (the "**YG Promoters Agreement**") with five Independent Third Parties, including, amongst others, Guangdong Utrust Investment Holdings Co., Ltd (廣東粵財投資控股有限公司) (collectively, the "**YG Promoters**"). Pursuant to this agreement, our Company agreed to jointly establish Yuegang Securities by contribution in cash for a registered capital of RMB350 million divided into 350,000,000 shares with a par value of RMB1.00 each, representing 10% of the total shareholding of Yuegang Securities.

The business scope of the proposed established Yuegang Securities mainly covers the business of securities brokerage, underwriting and sponsorship of securities, and securities asset management.

The principal terms of the YG Promoters Agreement are set forth as below:

Parties:

- Guangdong Utrust Investment Holdings Co., Ltd (廣東粵財投資控股有限公司) ("**Guangdong Yuecai**");
- Shenzhen Hongjing Investment Co., Ltd (深圳市泓景投資有限公司);
- Our Company;
- Karl-Thomson Securities Company Limited (高信證券有限公司);
- Eternal Pearl Securities Limited (恒明珠證券有限公司); and
- Realord Manureen Securities Limited (偉祿美林證券有限公司)

Proposed investment amount and shareholdings of the YG Promoters in Yuegang Securities:

YG Promoter	Principal business	Investment amount *(RMB' million)*	Proposed shareholdings in Yuegang Securities *(Note)*
Guangdong Yuecai	Capital operation management, asset trust management, investment project management, technology risk investment, industry investment, enterprise reorganisation, merger consultation service, internet information service and internet technology consultation service	1,400	40%
Shenzhen Hongjing Investment Co., Ltd	Investment and establishment of enterprise	700	20%
Our Company	For our principal business, please refer to the section headed "Business" in this prospectus	350	10%
Karl-Thomson Securities Company Limited	Securities trading and asset management	350	10%
Eternal Pearl Securities Limited	Securities trading and futures contract trading business	350	10%
Realord Manureen Securities Limited	Securities trading	350	10%
Total:		3,500	100%

Note: The final shareholdings are subject to the approval by CSRC.

Rights and obligations of the YG Promoters:

After the approval by CSRC, the YG Promoters will:

(i) prepare for the establishment of Yuegang Securities according to CSRC's requirements, including but not limited to, registration and obtaining the operation licence, etc.; and

(ii) contribute the capital commitment in full within ten days after the written notice to prepare for the set-up of office.

In case where CSRC rejects the application or terminates to review the application or any parties to the YG Promoters Agreement does not fulfill the qualification requirements for being a securities company shareholder, the YG Promoters Agreement will be automatically terminated and none of the YG Promoters shall bear any liability as a result thereof.

In June 2016, an application was made by the YG Promoters for the establishment of Yuegang Securities to the CSRC. The YG Promoters have received comments from the CSRC on the application, and have made responses thereto. As at the Latest Practicable Date, the approval from CSRC has not yet been obtained. After reasonable enquiries made by our Directors and based on their knowledge and belief, the expected timetable and the scale of operation for the establishment of Yuegang Securities are uncertain. After the final approval by the CSRC, the Company will make appropriate arrangement in the best interest of the Company and its Shareholders as a whole and in compliance with relevant rules and regulations.

Financing Plan

As explained above, at the relevant time in 2016 when we entered into the YG Promoters Agreement, our Company was a wholly-owned subsidiary of Poly Developments and Holdings and had not yet been listed on the NEEQ. Taking into account of our then financial status and our wholly-owned shareholding relationship with Poly Developments and Holdings, it was at the relevant time expected that the Proposed Investment would be financed by Poly Developments and Holdings by way of shareholder's loan.

Given that (i) CSRC's approval process is in progress, there is no express withdrawal mechanism in the YG Promoters Agreement for promoters before the final approval; and (ii) our Company will become a publicly listed company and will be independent from the Controlling Shareholders, after the final approval from CSRC is obtained, we plan to finance the Proposed Investment by our own capital and/or other funding channels. In deciding the funding channels, we may also consider shareholder's loan from Poly Developments and Holdings, if it would be in the best interest of our Company and our Shareholders as a whole to do so. If the Proposed Investment would be fully financed by shareholder's loan from Poly Developments and Holdings, our liability to asset ratio as at 30 June 2019 (calculated by dividing total liability by total assets) would have been increased from approximately 71.09% to approximately 74.11%. We will comply with the relevant requirements under the Listing Rules, as and when appropriate and necessary.

PRIOR LISTING ON NEEQ AND SUBSEQUENT DELISTING OF OUR COMPANY

Prior Listing of our Shares on NEEQ

On 25 July 2017, our Company received approval for our Shares to be listed on NEEQ in the PRC (stock code: 871893). Our Shares began trading on NEEQ on 29 August 2017.

Delisting of our Shares from NEEQ and Reasons for Seeking Listing on the Hong Kong Stock Exchange

Considering the reasons below for seeking listing on the Hong Kong Stock Exchange, it was resolved to voluntarily delist our Shares from NEEQ. Our delisting from NEEQ was completed on 11 April 2019.

Our Directors believe that the Listing will be in the interest of our Group's business development strategies, and would be beneficial to us and our Shareholders as a whole for the following reasons:

(1) the Hong Kong Stock Exchange, as a leading player of the international financial markets, could offer us a direct access to the international capital markets, enhance our fund-raising capabilities and broaden our fund-raising channels and our Shareholders base as well as strengthen our corporate governance;

(2) the Listing would give us a better platform for our development in our business; and

(3) a listing on the Hong Kong Stock Exchange will further raise our brand awareness, business profile and thus, enhance our corporate image to attract new customers, business partners and strategic investors as well as to recruit, motivate and retain key management personnel for our Group's business.

Compliance during listing on NEEQ

As advised by our PRC Legal Advisers, our Directors and the Joint Sponsors, to the best of their knowledge and belief, confirmed that:

(i) during the period that our Company was listed on NEEQ:

   (a) our Company and our Directors had been in compliance in all material respects with all applicable laws and regulations and rules and regulations of NEEQ; and

   (b) it/he/she had not been subject to any disciplinary investigation and/or action by NEEQ and/or any relevant law enforcement authority or regulator; and

(ii) there are no further matters in relation to the prior listing of our Company on the NEEQ that need to be brought to the attention of the Hong Kong Stock Exchange or our Shareholders.

OUR SUBSIDIARIES

As of 30 June 2019, we had 32 subsidiaries in the PRC. The following table sets out the details of such subsidiaries:

No.	Name of subsidiaries	Place of Establishment	Date of Establishment	Registered capital as at the Latest Practicable Date *RMB'000*	Equity holding of our Company	Principal business activities
1.	Hunan Poly Property Management Co., Ltd (湖南保利物業管理有限公司)	PRC	22 August 2003	5,000	100%	Property management
2.	Poly Property Management (Beijing) Co., Ltd (保利物業管理(北京)有限公司)	PRC	15 December 2003	20,000	100%	Property management
3.	Poly (Wuhan) Property Management Co., Ltd (保利(武漢)物業管理有限公司)	PRC	8 May 2004	5,080	100%	Property management
4.	Liaoning Poly Property Management Co., Ltd (遼寧保利物業管理有限公司)	PRC	19 July 2004	5,000	100%	Property management
5.	Poly Chongqing Property Management Co., Ltd (保利重慶物業管理有限公司)	PRC	31 October 2005	10,010	100%	Property management
6.	Poly (Changchun) Property Service Co., Ltd (保利(長春)物業服務有限公司)	PRC	1 February 2008	3,000	50% *(Note 1)*	Property management
7.	Poly (Foshan) Property Service Co., Ltd (保利(佛山)物業服務有限公司)	PRC	24 December 2009	5,000	100%	Property management
8.	Zhejiang Poly Property Management Co., Ltd (浙江保利物業管理有限公司)	PRC	12 July 2010	5,000	100%	Property management
9.	Jiangxi Poly Property Management Co., Ltd (江西保利物業管理有限公司)	PRC	31 March 2011	3,000	100%	Property management
10.	Poly (Xiamen) Property Management Co., Ltd (保利(廈門)物業管理有限公司)	PRC	3 June 2011	1,000	100%	Property management

No.	Name of subsidiaries	Place of Establishment	Date of Establishment	Registered capital as at the Latest Practicable Date *RMB'000*	Equity holding of our Company	Principal business activities
11.	Poly (Shanghai) Urban Development Service Co., Ltd. (保利(上海)城市建設服務有限公司), formerly known as Shanghai Poly Han Property Co., Ltd. (上海保利翰物業有限公司)	PRC	13 September 2012	100,000	100%	Property management
12.	Poly (Dalian) Property Management Co., Ltd (保利(大連)物業管理有限公司)	PRC	28 June 2013	2,000	100%	Property management
13.	Hunan Poly Tongyuan Property Management Co., Ltd (湖南保利同元物業管理有限公司)	PRC	17 November 2015	2,000	51% *(Note 2)*	Property management
14.	Poly (Guangzhou) Property Development Co., Ltd (保利(廣州)物業發展有限公司)	PRC	10 March 2017	10,000	100%	Property management
15.	Guangzhou Poly Commercial Property Development Co., Ltd (廣州保利商業物業發展有限公司)	PRC	30 March 2017	10,000	100%	Property management
16.	Ji An Shi Poly Jin Property Service Co., Ltd (吉安市保利金物業服務有限公司)	PRC	10 January 2018	5,000	51% *(Note 3)*	Property management
17.	Guangzhou Zengcheng Poly Property Investment Co., Ltd. (廣州增城保利物業投資有限公司)	PRC	19 July 2018	1,000	100%	Property management
18.	Poly Guanlan (Wuhan) Property Services Co., Ltd. (保利觀瀾(武漢)物業服務有限公司)	PRC	14 November 2018	1,000	80% *(Note 4)*	Property management
19.	Poly Zhongshe (Beijing) Property Management Co., Ltd (保利中設(北京)物業管理有限公司	PRC	8 January 2019	15,000	60% *(Note 5)*	Property management

No.	Name of subsidiaries	Place of Establishment	Date of Establishment	Registered capital as at the Latest Practicable Date *RMB'000*	Equity holding of our Company	Principal business activities
20.	Hunan Poly Tianchuang Property Development Co., Ltd (湖南保利天創物業發展有限公司) formerly known as Changsha City Tianchuang Property Management Limited Liability Company (長沙市天創物業管理有限責任公司)	PRC	17 January 2008	31,000	60% *(Note 6)*	Property management
21.	Poly Huichuang (Chongqing) City Comprehensive Service Co., Ltd. (保利暉創(重慶)城市綜合服務有限公司)	PRC	20 April 1995	3,000	51% *(Note 7)*	Property management
22.	Poly (Baotou) Property Service Co., Ltd (保利(包頭)物業服務有限公司)	PRC	28 August 2006	3,000	77.5% *(Note 8)*	Property management
23.	Yangjiang Poly Property Management Co., Ltd (陽江保利物業管理有限公司)	PRC	11 December 2009	3,000	100%	Property management
24.	Tianjin Poly Metropolis Property Service Co., Ltd. (天津保利大都會物業服務有限公司)	PRC	21 June 2010	500	100%	Property management
25.	Tianjin Xinhe Fitness Service Co., Ltd (天津鑫和健身服務有限公司)	PRC	23 June 2014	100	100%	Fitness service
26.	Guangzhou Poly Heyue Elderly Healthcare Services Co., Ltd (廣州保利和悅健康養老服務有限公司)	PRC	1 February 2018	50,000	100%	Elderly and disabled care service
27.	Guangzhou Hechuang Zhongwei Catering Services Co., Ltd. (廣州和創中味餐飲服務有限公司)	PRC	15 November 2018	2,000	51% *(Note 9)*	Landscaping services, catering management
28.	Poly Baoding Property Service Co., Ltd (保利保定物業服務有限公司)	PRC	5 August 2016	1,000	51% *(Note 10)*	Property management
29.	Hebei Poly Property Service Co., Ltd (河北保利物業服務有限公司)	PRC	26 August 2016	5,000	100%	Inactive

No.	Name of subsidiaries	Place of Establishment	Date of Establishment	Registered capital as at the Latest Practicable Date *RMB'000*	Equity holding of our Company	Principal business activities
30.	Hechuang Aiqi (Guangzhou) Operation and Management Co., Ltd (和創愛奇(廣州)運營管理有限公司)	PRC	19 April 2019	1,000	51% *(Note 11)*	Inactive
31.	Hunan Xingchuang City Operation and Management Co., Ltd. (湖南省星創城市運營管理有限公司)	PRC	20 May 2019	3,000	51% *(Note 12)*	Inactive
32.	Yichang Baohe Property Service Co., Ltd. (宜昌保和物業服務有限公司)	PRC	27 May 2019	1,000	100%	Inactive

Notes:

1. Other than our Company's shareholding in this subsidiary, this subsidiary is owned as to 50% by Changchun Qinggui Liuhe Real Estate Development Co., Ltd. (長春市輕軌六合房地產開發有限公司), which is held as to 80% by Poly Developments and Holdings.

2. Other than our Company's shareholding in this subsidiary, this subsidiary is owned as to 49% by Hunan Tongyuan Cultural Ancient Town Tourism Development Co., Ltd. (湖南同元文化古鎮旅遊開發有限公司), which save for being the shareholder of this subsidiary, is an Independent Third Party.

3. This subsidiary is owned as to 51% by Jiangxi Poly Property Management Co., Ltd (江西保利物業管理有限公司), a direct wholly-owned subsidiary of our Company.

   Further, this subsidiary is owned as to 39% by Ji'an Jinggangshan Development Zone Jinluling Economic Development Co., Ltd. (吉安市井岡山開發區金盧陵經濟發展有限公司) and 10% by Ji'an Xinyu Environmental Protection Technology Co., Ltd (吉安市鑫昱環保科技有限公司), each of which save for being the shareholder of this subsidiary, is an Independent Third Party.

4. This subsidiary is owned as to 80% by Poly (Wuhan) Property Management Co., Ltd. (保利(武漢)物業管理有限公司), a direct wholly-owned subsidiary of our Company, and 20% by Wuhan GuanLan Property Services Co., Ltd. (武漢觀瀾物業服務有限公司), which save for being the shareholder of this subsidiary, is an Independent Third Party.

5. Other than our Company's shareholding in this subsidiary, this subsidiary is owned as to 40% by China Machinery Engineering Corporation (中國機械設備工程股份有限公司), which save for being the shareholder of this subsidiary, is an Independent Third Party.

6. Other than our Company's shareholding in this subsidiary, this subsidiary is owned as to 24% by Mr. Yi Shuai (易帥) and 16% by Mr. Luo Zan (羅贊), each of which save for being the shareholder of this subsidiary, is an Independent Third Party.

7. Other than our Company's shareholding in this subsidiary, this subsidiary is owned as to 39% by Chongqing Shiji Hengrun Industry Co., Ltd (重慶世紀恒潤實業有限公司) and 10% by Chongqing Xiangrui Holdings Group Co., Ltd (重慶祥瑞控股集團有限公司), formerly known as "Chongqing Xiangrui Property Group Co., Ltd" (重慶祥瑞房地產集團有限公司) , each of which save for being the shareholder of this subsidiary, is an Independent Third Party.

8. Other than our Company's shareholding in this subsidiary, this subsidiary is owned as to approximately 17.34% by Baotou Shenze Investment Co., Ltd. (包頭市神澤投資有限公司) and approximately 5.16% by Baotou Chengze Technology Consultancy Co., Ltd. (包頭市成澤技術諮詢有限公司), each of which save for being the shareholder of this subsidiary, is an Independent Third Party.

9. Other than our Company's shareholding in this subsidiary, this subsidiary is owned as to 49% by Guangzhou Zhongwei Catering Service Co., Ltd. (廣州中味餐飲服務有限公司), which save for being the shareholder of this subsidiary, is an Independent Third Party.

10. This subsidiary is owned as to 51% by Poly Property Management (Beijing) Co., Ltd (保利物業管理(北京)有限公司), a direct wholly-owned subsidiary of our Company, and 49% by Hebei Runzhuo Real Estate Development Co., Ltd. (河北潤卓房地產開發有限公司), which save for being the shareholder of this subsidiary, is an Independent Third Party.

11. This subsidiary is owned as to 51% by Guangzhou Poly Commercial Property Development Co., Ltd. (廣州保利商業物業發展有限公司), a direct wholly-owned subsidiary of our Company, and 49% by Guangzhou Aiqi Culture and Sport Development Co., Ltd. (廣州愛奇文化體育發展有限公司), which save for being the shareholder of this subsidiary, is an Independent Third Party.

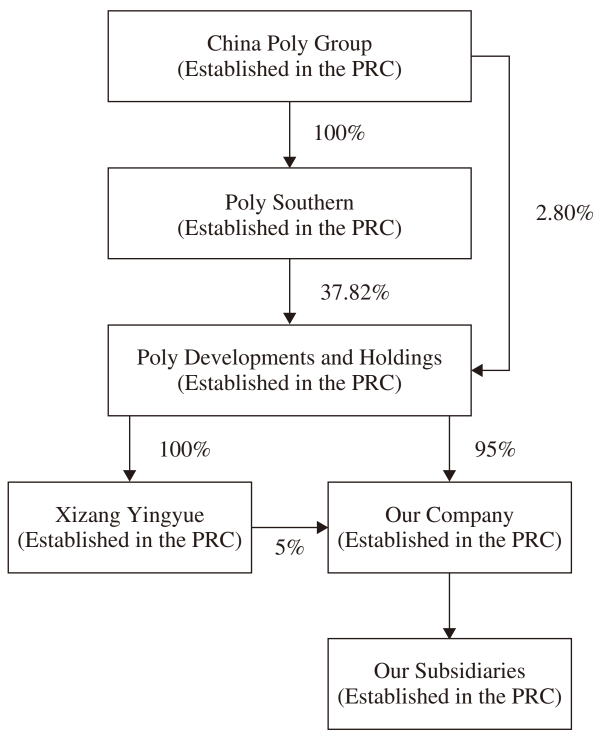
12. Other than our Company's shareholding in this subsidiary, this subsidiary is owned as to 49% by Guangzhou Handsome Group Co., Ltd. (廣州行盛集團有限公司), which save for being the shareholder of this subsidiary, is an Independent Third Party.

PRC LEGAL COMPLIANCE

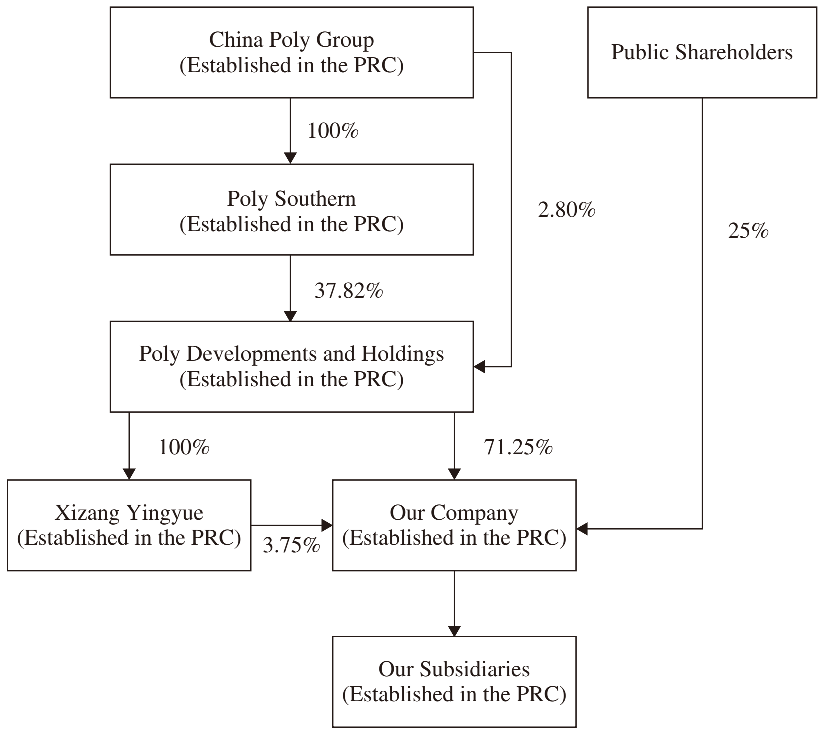
As advised by our PRC Legal Advisers, the establishment and the conversion of nature of our Company and each change in the shareholding structure of our Company were legally and properly completed and settled and complied with all applicable laws, rules and regulations from time to time in force in the PRC. As of the Latest Practicable Date, we had obtained all necessary approvals, permits, authorisations and consents from the relevant PRC authorities with respect to such changes in all material aspects and such approvals, permits, authorisations and consents are valid, current, subsisting and not revoked and the equity interest held by our Company in each of our subsidiaries is valid.

SHAREHOLDING STRUCTURE PRIOR TO THE GLOBAL OFFERING AND IMMEDIATELY FOLLOWING THE COMPLETION OF THE GLOBAL OFFERING

As of the Latest Practicable Date, our Company had issued 400,000,000 Domestic Shares and had a registered share capital of RMB400,000,000. The registered capital is expected to increase to RMB533,333,400, comprising 400,000,000 Domestic Shares and 133,333,400 H Shares upon the Listing (assuming Over-allotment Option is not exercised). Other than the conversion as explained in the paragraph headed "Conversion into a Joint Stock Company" in this section, the Company did not undergo any reorganisation for the purpose of Listing prior to the completion of Global Offering. The following chart sets out our shareholding structure immediately prior to the Global Offering:



The following chart sets out our shareholding structure immediately after the completion of the Global Offering (assuming no exercise of the Over-allotment Option and no change in shareholding by each of our Shareholders listed below subsequent to the Latest Practicable Date):



OVERVIEW

We are a leading comprehensive property management service provider in China with extensive property management scale and state-owned background, ranking fourth by China Index Academy in 2019 among the Top 100 Property Management Companies in China in terms of overall strength. Since 2014, we have been ranked by China Index Academy within the top five among the Top 100 Property Management Companies in China, and ranked first among the Top 100 Property Management Companies in China with state-owned background, respectively, in terms of overall strength. Our brand was valued at more than RMB9.0 billion for 2018, according to China Index Academy. We have been providing property management services in China for more than 23 years with a focus on first-tier and second-tier cities covering the five national-level urban agglomerations in China, according to China Index Academy. As at 30 June 2019, our total contracted GFA reached 454.9 million sq.m. covering 148 cities across 27 provinces, municipalities and autonomous regions in China and we managed 846 properties in China as at 30 June 2019, including 565 residential communities and 281 non-residential properties, with an aggregate GFA under management of 260.3 million sq.m. Our property management services cover a wide range of property types, including residential communities, commercial and office buildings and public and other properties (such as schools, scientific research institutions, industrial parks, public service facilities and towns). In addition to property management services, we provided during the Track Record Period value-added services to non-property owners, such as pre-delivery services to property developers, and a variety of community value-added services to property owners and residents of the properties we manage. In pursuit of our corporate culture magnifying pragmatism and excellence, we have been, and endeavour to, provide our customers with standardised and high-quality services to serve customers' evolving needs.

Our three main business lines, namely, (i) property management services, (ii) value-added services to non-property owners, and (iii) community value-added services, form an integrated service offering to our customers along the value chain of property management.

- **Property management services**. We provide a range of property management services to property owners and residents, as well as property developers, including, among others, security, cleaning, greening, gardening and repair and maintenance services, with a focus on residential communities. Our property management portfolio also covers non-residential properties, including commercial and office buildings, public and other properties (such as schools, scientific research institutions, industrial parks, public services facilities and towns). During the Track Record Period, we charged property management fees for property management services primarily on a lump sum basis, with a small portion charged on a commission basis.

- **Value-added services to non-property owners**. We provide value-added services to non-property owners (mainly property developers), including (i) pre-delivery services to property developers to assist with their sales and marketing activities at property sales venues and display units, mainly including visitor reception, cleaning, security inspection and maintenance, and (ii) other value-added services to non-property owners, such as consultancy, inspection, delivery and commercial operation services.

- **Community value-added services**. We provide community value-added services to property owners and residents of our managed properties to address their life-style and daily needs which mainly include: (i) community living services, such as purchase assistance, turnkey furnishing and move-in services, housekeeping as well as other bespoken services, and (ii) community asset value-added services, such as parking lot management services and common area value-added services.

The following table sets out the breakdown of our revenue by business line for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (Unaudited)	%	*RMB'000*	%
Property management services	1,906,262	74.3	2,419,151	74.7	2,909,508	68.8	1,277,893	66.7	1,822,975	64.6
Value-added services to non-property owners	398,836	15.6	501,984	15.4	696,502	16.5	339,096	17.7	458,646	16.3
Community value-added services	259,089	10.1	319,199	9.9	623,368	14.7	298,805	15.6	540,399	19.1
Total revenue	2,564,187	100.0	3,240,334	100.0	4,229,378	100.0	1,915,794	100.0	2,822,020	100.0

We experienced continual growth during the Track Record Period. Our revenue increased from RMB2,564.2 million in 2016 to RMB3,240.3 million in 2017 and further to RMB4,229.4 million in 2018, representing a CAGR of 28.4% from 2016 to 2018. Our revenue for the six months ended 30 June 2019 was RMB2,822.0 million. Likewise, our profit for the year increased from RMB149.2 million in 2016 to RMB224.7 million in 2017 and further to RMB336.1 million in 2018 at a CAGR of 50.1% from 2016 to 2018 and our profit for the period for the six months ended 30 June 2019 was RMB320.8 million.

We are headquartered in Guangzhou, Guangdong province in China. As at 30 June 2019, we had 270 subsidiaries and branch offices across 27 provinces, municipalities and autonomous regions in China.

COMPETITIVE STRENGTHS

We believe that our success is mainly attributable to the following competitive strengths:

A property management service provider with leading industry position, extensive property management scale and outstanding financial performance, ranking first in China among the Top 100 Property Management Companies with state-owned background

We are a leading comprehensive property management service provider in China with extensive property management scale and state-owned background. We have been providing property management services in China for more than 23 years and obtained the Level One Property Management Qualification from MOHURD in 2005. In 2011, we had substantially completed the national layout of our property management portfolio covering the five national-level urban agglomerations in China. Since 2014, we have been ranked by China Index Academy within the top five among the Top 100 Property Management Companies in China. We were ranked fourth by China Index Academy in 2019 among the Top 100 Property Management Companies in China and ranked first among the Top 100 Property Management Companies in China with state-owned background, respectively, in terms of overall strength.

Our contracted GFA and GFA under management reached 361.5 million sq.m. and 190.5 million sq.m., respectively, as at 31 December 2018, which increased by 95.9% and 79.4%, respectively, from 31 December 2017. According to China Index Academy, our GFA under management was 5.1 times of the average level of Top 100 Property Management Companies as at 31 December 2018. Our GFA under management increased at a CAGR of 52.6% from 2016 to 2018, which was higher than the industry average of 16.8% of the Top 100 Property Management Companies in China for the same period, according to China Index Academy. As at 30 June 2019, our contracted GFA and GFA under management reached 454.9 million sq.m. and 260.3 million sq.m., respectively. We had 357 reserved property management projects with a total contracted GFA of 171.0 million sq.m. as at 31 December 2018, which increased by 184.6% from 31 December 2017 and was higher than the average level of 101.1 million sq.m. of the top ten property management companies in China, according to China Index Academy. We focus our business in economically developed regions covering the five national-level urban agglomerations in China, according to China Index Academy. Our geographic coverage of GFA under management in the first-tier and second-tier cities in China reached 154.7 million sq.m. as at 31 December 2018, accounting for 81.2% of our total GFA under management. As at 31 December 2018, we had a total of 755 property management projects for our GFA under management, covering 91 cities in 26 provinces, autonomous regions and municipalities in China, which increased by 48.3% from 31 December 2017 and was approximately four times the average number of projects under management by the Top 100 Property Management Companies, according to China Index Academy.

Seizing industry opportunities, we have been accelerating the expansion of our property management scale with optimised regional layout for strategic development. In addition to the traditional property management services, we have experienced strong growth across our business lines during the Track Record Period. Our revenue increased by 26.4% from RMB2,564.2 million in 2016 to RMB3,240.3 million in 2017 and further increased by 30.5% to RMB4,229.4 million in 2018. Our revenue for the six months ended 30 June 2019 was RMB2,822.0 million. Our profit for the year increased by 50.6% from RMB149.2 million in 2016 to RMB224.7 million in 2017 and further increased by 49.6% to RMB336.1 million in 2018. Our profit for the period for the six months ended 30 June 2019 was RMB320.8 million.

According to China Index Academy, favourable industry policies and government support, as well as higher requirements on industry standards, have stimulated the growth of the property management industry in China and led to further concentration of the market and differentiation of the market players. Leading property management companies with larger business scale are more likely to reinforce their industry position in the market. As a leading player in the property management industry in China benefiting from the market development opportunities, we expect to continue to achieve the rapid growth of our property management scale.

Strong leverage on the leading position of our Controlling Shareholder, Poly Developments and Holdings, in the real estate industry in China, leading to our highly visible and sustainable growth opportunities

We benefit from the business cooperation with our Controlling Shareholder, Poly Developments and Holdings, which is a leading property developer in China ranking fourth in 2019 by China Index Academy and ranking 245th on the Forbes Global 2000 List in 2019. Poly Developments and Holdings Group kept recording increasing sales with GFA of contracted sales in China amounting to 16.0 million sq.m., 22.4 million sq.m. and 27.7 million sq.m. in 2016, 2017 and 2018, respectively, which increased at a CAGR of 31.6% from 2016 to 2018, and its GFA of contracted sales in China was 16.4 million sq.m. for the six months ended 30 June 2019. Poly Developments and Holdings Group focuses its business on first-tier and second-tier cities mainly covering the five national-level urban agglomerations in China with a total of GFA under construction and GFA to be developed in China of 110.5 million sq.m. and 75.6 million sq.m., respectively, as at 30 June 2019. We believe the increasing landbank and stable development of Poly Developments and Holdings Group would help solidify our industry reputation and market position as a comprehensive property management service provider in China.

During the Track Record Period, we had maintained a close and congenial business relationship with Poly Developments and Holdings Group and we provided property management services to substantially all of the properties developed by Poly Developments and Holdings Group (including its joint ventures and associates). In addition, we also provided value-added services to non-property owners to Poly Developments and Holdings Group (including its joint ventures and associates), which included pre-delivery, consultancy, inspection, delivery and commercial operation services. We believe that our long-term and stable business cooperation with Poly Developments and Holdings Group would position us well to benefit from its extensive and large project reserve as we expect to provide property management and other services to a vast majority of its property development projects under construction, to be developed and in the pipeline. Our business relationship with Poly Developments and Holdings Group would also help us control our costs in selecting suitable and high-quality projects for management, as well as empower us to provide professional and in-depth value-added services to non-property owners. The increases in the GFA of contracted sales and landbank of Poly Developments and Holdings Group would continue to provide us with considerable project resources, laying a solid foundation for our highly visible and sustainable business growth.

Outstanding market development capabilities and reputable brand with state-owned background for continually building the new service system for property management

In recent years, in addition to providing services to properties developed by Poly Developments and Holdings Group, we have been rigorously expanding our market share for projects from other sources by leveraging our reputable brand and high-quality services. We had achieved continued success in this regard and won the tender and bidding process for 63, 106, 118 and 55 projects from other sources for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. The contribution of other sources of projects to our total contracted GFA increased significantly during the Track Record Period from 9.9% as at 31 December 2016, to 19.7% as at 31 December 2017 and further to 50.6% and 59.2% as at 31 December 2018 and 30 June 2019, respectively, with our contracted GFA of other sources of projects reaching 269.1 million sq.m. as at 30 June 2019. In particular, the contracted GFA of other sources of residential community projects was 8.7 million sq.m., 21.0 million sq.m. and 40.6 million sq.m. as at 31 December 2016, 2017 and 2018, respectively, which increased at a CAGR of 116.0% from 2016 to 2018. Likewise, our GFA under management for other sources of projects also increased during the Track Record Period which accounted for 8.1%, 13.9%, 42.6% and 56.9% of our total GFA under management as at 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively.

In addition, we are an important subsidiary of Poly Developments and Holdings, which is in turn owned by China Poly Group, a large-scale conglomerate wholly owned by State-owned Assets Supervision and Administration Commission of the State Council in the PRC. We believe the endorsement of such strong state-owned background has reinforced the value and credibility of our brand and has enabled us to take on property management engagements, especially of public and other properties. In this connection and in line with national strategic development, we have actively promoted the integration of social resources through strategic cooperation with government agencies and state-owned enterprises and public institutions at both central and local levels for the establishment of "all-for-one" property management of public services properties. During the Track Record Period, such strategic business partners included a subsidiary of China National Machinery Industry Corporation Ltd. (a Fortune 500 corporation), the Sichuan Ziyang High-tech Industry Park Management Committee and other state-owned or state investee entities in Hunan and Jiangxi provinces in the PRC. Meanwhile, we seize the opportunities under the reform of power decentralisation and government function transition, as well as the strategy of rural revitalisation, with a view to optimising resource allocation for the integrated development of urban and rural China. We are dedicated to exploring innovative cooperation models for the property management system of public services, properties and for the establishment of the public services brand "Towns Revitalisation" (鎮興中國). During the Track Record Period, we had successfully provided property management services to the tourism town of Xitang and Tianning town in Jiashan county, Zhejiang province and Luodian town in Shanghai. Furthermore, we reached another milestone in our market development efforts for other sources of projects with the completion of our acquisition of Hunan Poly Tianchuang in 2018, which marked an important step forward in the establishment of our property management platform of educational institutions.

As at 30 June 2019, we provided property management services to a total of 210 public and other properties with a GFA under management of 132.2 million sq.m. The increase in the number of projects we manage from other sources and the diversification of the property types under our management have manifested our initial success in the establishment of new service system for property management for the sound and steady development of our business.

An industry leading player in the management of service quality with consistent high-level service standards and comprehensive and diverse offerings of value-added services

We are committed to providing high-quality and comprehensive services and establishing our property management brand which manifests strong humanism as the cultural label of the communities that we manage. We strive to provide community services which bring convenience to life with a strong touch of human kindness and cultural atmosphere. Meanwhile, we endeavour to create multi-dimensional ecosystem together with property owners, residents, other customers, our cooperative partners and employees to promote higher-quality and foster a more valuable living environment and experience. We have dedicated to the formulation of a number of standardised service guidelines and procedures to ensure the effective implementation in our business operations, as well as to enhance customer experience and satisfaction level. We believe that consistently high-quality services are vital to our customers' trust.

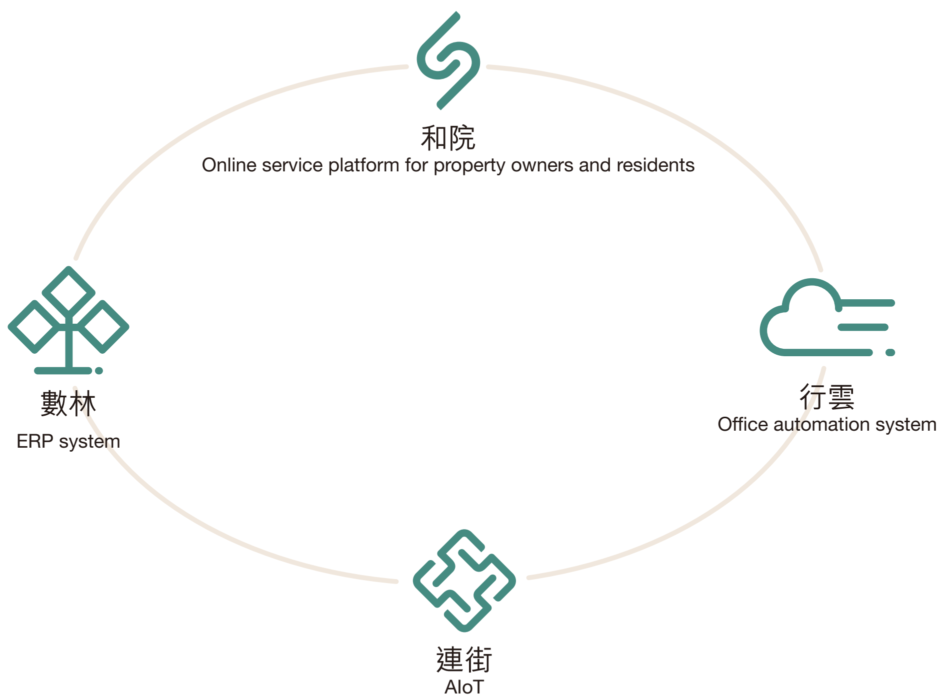
We have enjoyed a nationwide reputation for our high-quality and comprehensive services and won many awards for the residential communities under our management. As at 30 June 2019, more than 230 of the projects managed by us were accredited as demonstration residential communities at municipal, provincial or national levels. As at 30 June 2019, we had also won 11 national-level awards for property management. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our property management service contracts renewal rates (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) were 99.8%, 99.6%, 98.2% and 99.0%, respectively.

The provision of basic and high-quality property management services not only provide our customers with superior living experience and help maintain customer loyalty but also pave the way for us to provide comprehensive and diverse value-added services with a potentially large customer base. Our staff with quality control responsibilities focus on implementing quality control at head-quarters, subsidiaries, branch offices and property management projects levels, formulating quality control plans, guaranteeing strict execution of such plans and participating in supplier selection and monitoring supplier service quality. During the Track Record Period, revenue generated from our value-added services, including value-added services to non-property owners and community value-added services, increased significantly to RMB1,319.9 million in 2018 from RMB657.9 million in 2016, representing a CAGR of 41.6%, and such revenue reached RMB999.0 million for the six months ended 30 June 2019. Meanwhile, the proportion of our revenue from value-added services to our total revenue also increased to 31.2% in 2018 from 25.7% in 2016, which is considerably higher than the industry average of 19.5% of the Top 100 Property Management Companies, according to China Index Academy.

Focus on digitisation and smart management with cost efficiency

We focus on implementing digitisation and smart management to optimise operation procedures and improve efficiency and customers' experience. We endeavour to strengthen our competitiveness by upgrading systems through information technologies, reduce reliance on manual labour and thus decrease operational costs.

Following the industry trend for informatisation, we have developed our comprehensive smart management systems combining our service platform targeting property owners, residents and other customers and business partners, as well as internal systems in relation to property management operations and office automation. As at 30 June 2019, we had obtained three patents and 26 software copyrights in PRC which were mainly in relation to the digitisation of our projects and the smart management of our operations. The following diagram illustrates the main components of our systems for digitisation and smart management:



We are dedicated to and focus on providing solutions to address the pain points in the field of property management, with a view to improving management efficiency and customers' living experience:

- With respect to property owners and residents, we bring convenience to their living experience and optimise certain basic property management services such as smart access, online payment of property management fees and online maintenance report;

- With respect to the on-site project operation, our project managers and on-site staff can have access to the real-time status data of services, through our ERP system and thus adjust and rectify service deviations timely if any warning information is displayed. They can also inspect and evaluate online the quality of property management services on a regular basis to improve our services in a timely manner. Through the automatic inspection function equipped with ERP system, our employees can act as quality administrators, carry out online inspections and quickly coordinate resources through ERP system to solve quality related problems efficiently; and

- With respect to the management and supervision from head-quarters levels, we monitor the service status of our projects in real time through ERP system, analyse and process warning information and abnormal data of all levels and accordingly guide and urge relevant staff to carry out appropriate actions under our service standards. We also conduct necessary on-site inspections based on the situation reflected by the system and then physically urge subsidiaries and branch offices to strictly implement compliance requirements to ensure information symmetry, service standardisation and improve management and supervision efficiency.

Over the years, we have managed to control our operational costs effectively through intensified and scientific management of business operations despite the general increases in the labour costs and other supplier prices in our industries. During the Track Record Period, we managed to maintain the percentage of staff cost to our cost of services at a relatively stable level which was 54.2%, 59.1%, 55.6% and 55.4% for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively.

Professional and dedicated management team with an entrepreneurial and pragmatic spirit supported by an effective human resources system

Our directors and senior management have on average more than 11 years of experience in property management services and real estate development industries. The real estate development industry experience and hindsight of our core management team help us understand industry trends within a broader context and from a higher perspective which enable us to seize market opportunities and steer the course of our business to the right directions. The industry experience of our core management team has also strengthened our capabilities to integrate and optimise the upstream and downstream resources along the value chain of our industries for us to provide comprehensive and diversified services. In addition, the general managers of our subsidiaries and branch offices have on average more than 12 years of solid front-line experience in the field of property management, which help guarantee the effective implementation of decisions from our management team. Our management team also has high-level education background with approximately 80% of them having a master's degree or above.

We have adopted an efficient human resource system that provides differentiated employee training, performance evaluation and incentive measures for both junior and senior staff with different skill requirements, career aspirations and positions. We have competitive compensation plan, performance appraisal and internal rating system to motivate employees and increase working efficiency. We believe that our comprehensive staff selection, training and evaluation system enables us to identify employees who share our fundamental values and identify employees who are able to provide professional and high-quality services to customers, thus making us stand out from our competitors.

BUSINESS STRATEGIES

In pursuit of our corporate culture magnifying pragmatism and excellence with high-quality services, we endeavour to further deepen our market presence, solidify our industry leading position and bring our philosophy and services to many more households. As such, we plan to implement the following business strategies:

Further expand the scale of our property management business through multiple channels and to solidify our leading industry position

We intend to expand our property management business, increase our market share with a leading industry position in business scale by rigorously obtaining new projects and attracting new customers, in addition to our high-quality services to existing customers (including Poly Developments and Holdings Group). We seek to achieve business expansion mainly through organic growth by leveraging our cooperative advantages with Poly Developments and Holdings Group and our philosophy and brand in the same vein and by proactively capitalising new business opportunities for the property management of residential communities, commercial and office buildings from both Poly Developments and Holdings Group and other sources of projects. To increase our market share, we aim to evaluate opportunities selectively with a view to providing comprehensive services and maximising our economies of scale, as well as maintaining a reasonable balance between our property management scale and level of profitability. In addition, when suitable opportunities arise, we may explore, with a focus on business scalability, selective strategic investments in, alliances with or acquisitions of other property management companies or other business partners in China to complement our business. Moreover, we also intend to provide comprehensive property management services to an increasing number of non-residential properties, in particular, public and other properties, such as schools, scientific research institutions, industrial parks, public service facilities and towns, through strengthened strategic cooperation with local government agencies, state-owned or investee entities. We aim to solidify and further strengthen our leading industry position in the property management market in China through continual expansion of business scale.

Continue to provide a diverse range of high-quality and in-depth value-added services

Our mission is to satisfy the needs of our customers and value-added services are expected to play a vital role in the sustainable development of our future business. We plan to further develop our value-added services in relation to property management and commercial operations.

For property developers, we intend to provide all-lifecycle value-added services to non-property owners addressing their needs from preliminary consultancy for property development to post-delivery management. We believe the provision of such services to property developers would put us in an advantageous position in obtaining the property management engagements for the same projects.

For property owners and residents, we intend to further explore and address their evolving needs to bring convenience to their daily life as well as to add value to community assets. In this connection, we mainly plan to focus on the further development of community value-added services, such as move-in and furnishing, community asset operations, elderly care and community education services. We intend to cooperate with Poly Developments and Holdings Group to provide move-in and furnishing services to our customers with innovative and tailored solutions addressing customers' typical needs for home design and furnishing, all the way to delivery and maintenance of their households. We also intend to diversify our revenue stream of community asset value-added services by providing custodian services for the lease and/or management of non-occupied properties or carpark spaces. We seek to build our brand of "Poly Heyue Club" for community elderly care services and we plan to implement pilot service stations in Guangzhou, Beijing, Changsha and Qingdao to provide wellness related services, such as day care services, to elderly people. We aim to enhance our presence in the area of community education through our investment in Zhuhai Hele Education Co., Ltd. by targeting children and teenagers from kindergartens, international schools and art centres in various locations in China.

Moreover, we seek to invest in or collaborate with companies which provide community products and services complementary to those of us to diversify our service offerings.

Further enhance application of Internet of Things combining smart management system by information technologies

We intend to establish digital, standard and intelligent system to connect people, assets, affairs and things through continuous independent or joint efforts in research and development, with a view to optimising quality management, reducing operational costs and enhancing profitability. We plan to focus on the continuous investment in the application of Internet of Things, which mainly includes the research and development of our Internet of Things information platform. We intend to develop intelligent products and services related to security, fire control and public facilities management. For example, we plan to provide property management services through the utilisation of high-definition video cameras equipped with 5G network and 4K image resolution to monitor the status of utility facilities, fire control facilities and other public equipment and facilities, to realise video linkage, automatic identification and inspection. We intend to increase the coverage of smart access and face recognition system, to strengthen the security of communities under our management and reduce the management difficulty. We will also promote the design of automated operation of carparks and other facilities in communities to reduce the reliance on manual labour and realise management digitisation and integration.

Further improve our human resources training and incentive system to support sustainable development of our business

We are committed to establishing effective human resources system and incentives to identify, select and cultivate employees sharing cultural identity and with spirit of continuous pursuit of development. We will continue to review our internal training and external talents introduction system, to provide our employees with a dual-channel career development path of both managerial and professional talents and provide competitive remuneration and welfare. We intend to establish a hierarchical training system for staff of different majors and adopt such system to further select talents. We advocate results-oriented and high-performance culture. We will continue to stimulate employees' creativity and value by performance evaluation and assessment system to achieve performance sharing. We will also strengthen our collaboration with professional institutions and vocational schools to cultivate and recruit qualified graduates. We plan to provide broader and long-term career development opportunities through internal position mobilisation to cultivate our core employees. We intend to implement a number of employee incentive plans and ensure the association of remuneration, bonus and performance. We will continue to build our leading human resources management system in property management industry to guarantee long-term development of our staff.

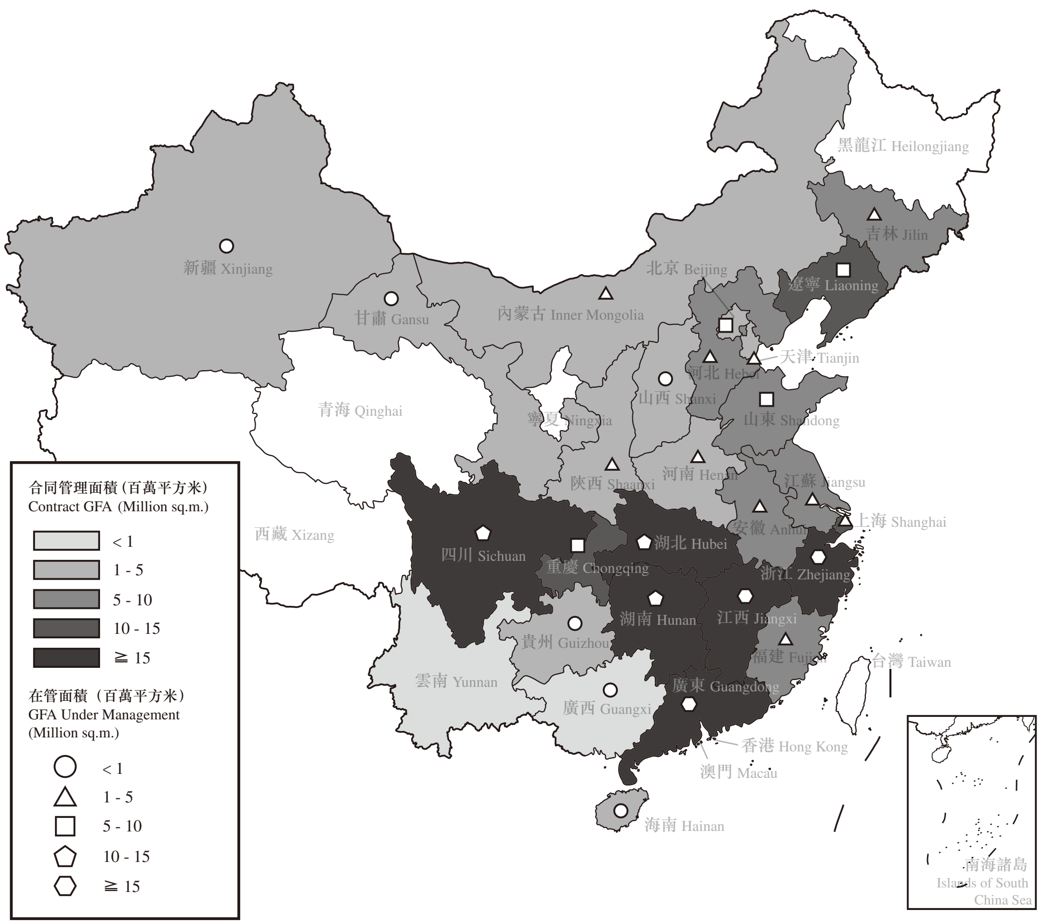
PROPERTY MANAGEMENT SERVICES

Our history can be traced back to 1996 when we commenced to provide property management services in Guangzhou, Guangdong province in the PRC. Over the years, we have grown our presence nationwide with contracted GFA of 454.9 million sq.m. covering 148 cities across 27 provinces, municipalities and autonomous regions in China as at 30 June 2019. In particular, we managed in total 846 properties, including 565 residential communities and 281 non-residential properties, with an aggregate GFA under management of 260.3 million sq.m covering 93 cities across 26 provinces, municipalities and autonomous regions in China as at 30 June 2019. The following table sets out the breakdowns of our (i) contracted GFA, (ii) GFA under management, (iii) number of property management projects for contracted GFA, and (iv) number of property management projects for GFA under management, as at the dates indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	GFA	**GFA**	**GFA**	**GFA**
	'000 sq.m.	*'000 sq.m.*	*'000 sq.m.*	*'000 sq.m.*
Contracted GFA	135,351	184,464	361,541	454,915
GFA under management	81,818	106,181	190,521	260,333
	Number	**Number**	**Number**	**Number**
Number of property management projects for contracted GFA	519	747	1,112	1,265
Number of property management projects for GFA under management	386	509	755	846

Geographic Coverage

The map below illustrates the geographic coverage of our property management portfolio as at 30 June 2019 in terms of (i) contracted GFA and (ii) GFA under management, respectively:



The following tables set out the breakdowns of our (i) revenue from property management services and (ii) GFA under management by geographic region, for the periods or as at the dates indicated:

	Year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Southern China(1)	640,857	33.6	761,694	31.5	910,118	31.3	433,209	33.9	576,519	31.6
Eastern China(2)	286,874	15.0	412,531	17.1	512,156	17.6	205,177	16.1	339,510	18.6
Central China(3)	256,583	13.5	321,439	13.2	439,445	15.1	155,195	12.1	300,089	16.5
Southwestern China(4)	301,851	15.8	367,848	15.2	412,091	14.2	200,341	15.7	240,458	13.2
Northern China(5)	258,918	13.6	318,765	13.2	380,841	13.1	169,143	13.2	214,281	11.8
Northeastern China(6)	148,368	7.8	202,729	8.4	210,673	7.2	95,670	7.5	119,445	6.6
Northwestern China(7)	12,811	0.7	34,145	1.4	44,184	1.5	19,158	1.5	32,673	1.7
Total	1,906,262	100.0	2,419,151	100.0	2,909,508	100.0	1,277,893	100.0	1,822,975	100.0

	As at 31 December									As at 30 June		
	2016			2017			2018			2019		
	GFA under management		Number of properties under management	GFA under management		Number of properties under management	GFA under management		Number of properties under management	GFA under management		Number of properties under management
	'000 sq.m.	*%*		*'000 sq.m.*	*%*		*'000 sq.m.*	*%*		*'000 sq.m.*	*%*	
Southern China(1)	20,187	24.8	95	25,198	23.8	125	31,844	16.8	164	34,167	13.1	182
Eastern China(2)	15,651	19.1	79	23,597	22.2	115	85,233	44.7	173	147,501	56.7	186
Central China(3)	9,599	11.7	41	12,453	11.7	54	24,363	12.8	168	25,399	9.8	180
Southwestern China(4)	16,729	20.4	66	18,707	17.6	79	20,702	10.9	96	23,470	9.0	126
Northern China(5)	9,927	12.1	53	14,415	13.6	72	14,865	7.8	82	15,087	5.8	89
Northeastern China(6)	8,653	10.6	44	10,132	9.5	53	11,518	6.0	59	11,978	4.6	68
Northwestern China(7)	1,072	1.3	8	1,679	1.6	11	1,996	1.0	13	2,731	1.0	15
Total	81,818	100.0	386	106,181	100.0	509	190,521	100.0	755	260,333	100.0	846

Notes:

(1) "Southern China" refers to Guangdong province, Guangxi autonomous region and Hainan province.

(2) "Eastern China" refers to Shanghai, Jiangsu province, Zhejiang province, Anhui province, Fujian province, Jiangxi province and Shandong province.

(3) "Central China" refers to Hubei province, Hunan province and Henan province.

(4) "Southwestern China" refers to Chongqing, Sichuan province and Guizhou province.

(5) "Northern China" refers to Beijing, Tianjin, Hebei province, Shanxi province and Inner Mongolia autonomous region.

(6) "Northeastern China" refers to Liaoning province and Jilin province.

(7) "Northwestern China" refers to Shannxi province, Gansu province and Xinjiang autonomous region.

Types of Properties under Management

We manage a diverse portfolio of properties covering (i) residential communities, and (ii) non-residential properties, including (a) commercial and office buildings, and (b) public and other properties, such as schools, scientific research institutions, industrial parks, public services facilities and towns.

The following tables set out the breakdowns of our (i) revenue from property management services and (ii) GFA under management by property type, for the periods or as at the dates indicated:

	Year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Residential communities	1,639,697	86.0	2,061,634	85.2	2,305,547	79.2	1,057,695	82.8	1,364,616	74.9
Non-residential properties										
– Commercial and office buildings	257,093	13.5	320,270	13.3	381,008	13.1	173,911	13.6	241,934	13.2
– Public and other properties	9,472	0.5	37,247	1.5	222,953	7.7	46,287	3.6	216,425	11.9
	266,565	14.0	357,517	14.8	603,961	20.8	220,198	17.2	458,359	25.1
Total	1,906,262	100.0	2,419,151	100.0	2,909,508	100.0	1,277,893	100.0	1,822,975	100.0

	As at 31 December									As at 30 June		
	2016			2017			2018			2019		
	GFA under management		Number of properties under management	GFA under management		Number of properties under management	GFA under management		Number of properties under management	GFA under management		Number of properties under management
	'000 sq.m.	*%*		*'000 sq.m.*	*%*		*'000 sq.m.*	*%*		*'000 sq.m.*	*%*	
Residential communities	74,707	91.3	332	92,172	86.8	414	115,568	60.7	512	121,165	46.5	565
Non-residential properties												
– Commercial and office buildings	4,647	5.7	37	6,374	6.0	53	6,538	3.4	64	6,974	2.7	71
– Public and other properties	2,464	3.0	17	7,635	7.2	42	68,415	35.9	179	132,194	50.8	210
	7,111	8.7	54	14,009	13.2	95	74,953	39.3	243	139,168	53.5	281
Total	81,818	100.0	386	106,181	100.0	509	190,521	100.0	755	260,333	100.0	846

Sources of Projects

During the Track Record Period, the properties we manage were developed principally by Poly Developments and Holdings Group (including its joint ventures and associates) while the rest were developed by other property developers or obtained from property owners of certain public and other properties. For information concerning the business delineation between Poly Developments and Holdings Group and us, see "Relationship with Controlling Shareholders — Delineation of our Business from our Controlling Shareholders and Their Respective Close Associates".

The following tables set out the breakdowns of (i) our revenue generated from the management of properties, and (ii) our GFA under management by source of projects and stage of projects as at the dates or for the periods indicated:

	Year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Properties developed by Poly Developments and Holdings Group(1)										
– Preliminary stage for residential properties(2)	1,570,525	82.3	1,927,390	79.6	2,083,915	71.7	978,008	76.5	1,216,658	66.7
– Property owners' association stage for residential properties(3)	56,275	3.0	88,585	3.7	134,999	4.6	46,243	3.6	61,374	3.4
– Non-residential properties(4)	254,017	13.4	304,415	12.6	358,606	12.3	166,525	13.1	231,047	12.7
Subtotal	1,880,817	98.7	2,320,390	95.9	2,577,520	88.6	1,190,776	93.2	1,509,079	82.8
Other sources of projects(5)										
– Preliminary stage for residential properties(2)	9,527	0.5	33,905	1.4	62,235	2.1	23,574	1.8	64,575	3.5
– Property owners' association stage for residential properties(3)	3,370	0.2	11,754	0.5	24,398	0.8	9,870	0.8	22,009	1.2
– Non-residential properties(4)	12,548	0.6	53,102	2.2	245,355	8.5	53,673	4.2	227,312	12.5
Subtotal	25,445	1.3	98,761	4.1	331,988	11.4	87,117	6.8	313,896	17.2
Total	1,906,262	100.0	2,419,151	100.0	2,909,508	100.0	1,277,893	100.0	1,822,975	100.0

	As at 31 December									As at 30 June		
	2016			2017			2018			2019		
	GFA under management		Number of properties under management	GFA under management		Number of properties under management	GFA under management		Number of properties under management	GFA under management		Number of properties under management
	'000 sq.m.	*%*		*'000 sq.m.*	*%*		*'000 sq.m.*	*%*		*'000 sq.m.*	*%*	
Properties developed by Poly Developments and Holdings Group[(1)]												
– Preliminary stage for residential properties[(2)]	69,647	85.1	305	82,662	77.8	369	98,053	51.5	429	100,276	38.5	460
– Property owners' association stage for residential properties[(3)]	2,121	2.6	7	4,307	4.1	12	6,230	3.3	21	6,693	2.6	24
– Non-residential properties[(4)]	3,450	4.2	30	4,410	4.2	37	5,086	2.6	45	5,162	2.0	48
Subtotal	75,218	91.9	342	91,379	86.1	418	109,369	57.4	495	112,131	43.1	532
Other sources of projects[(5)]												
– Preliminary stage for residential properties[(2)]	2,274	2.8	18	3,957	3.7	27	9,342	4.9	54	12,131	4.6	72
– Property owners' association stage for residential properties[(3)]	665	0.8	2	1,246	1.2	6	1,943	1.0	8	2,065	0.8	9
– Non-residential properties[(4)]	3,661	4.5	24	9,599	9.0	58	69,867	36.7	198	134,006	51.5	233
Subtotal	6,600	8.1	44	14,802	13.9	91	81,152	42.6	260	148,202	56.9	314
Total	81,818	100.0	386	106,181	100.0	509	190,521	100.0	755	260,333	100.0	846

Notes:

(1) For purposes of the above tables, "properties developed by Poly Developments and Holdings Group" refers to properties developed, solely or jointly with other parties, by members of Poly Developments and Holdings Group (including its joint ventures and associates).

(2) Refers to preliminary property management service contracts entered into with property developers for the management of residential properties.

(3) Refers to property management service contracts entered into with property owners' associations for the management of residential properties.

(4) Refers to property management service contracts entered into with customers for the management of non-residential properties.

(5) Other sources of projects refer to (i) property developers other than Poly Developments and Holdings Group (including its joint ventures and associates) and (ii) property owners of certain of public and other properties (such as schools and public service facilities).

General Scope of Property Management Services

The basic property management services we provide can be grouped into the following categories:

- **Security services**. The security services that we provide primarily include keeping order, patrolling, visitor management, security protection, fire safety management, carpark security and emergency response. We generally staff our security services with our own employees. We also seek to enhance the quality of our security services through equipment upgrades.

- **Cleaning, greening and gardening services**. We provide general cleaning, pest control, greening and gardening services mostly through sub-contractors.

- **Repair and maintenance services**. The scope of our property repair and maintenance services typically covers (i) common area equipment and facilities, such as elevators, escalators and central air conditioning systems, (ii) fire and safety facilities, such as fire extinguishers and fire alarm systems, (iii) utility facilities, such as power supply and distribution systems and water supply and drainage systems, and (iv) other buildings and ancillary facilities and equipment. During the Track Record Period, we outsourced substantially all of the specialised repair and maintenance services to sub-contractors, such as those in relation to elevators and fire facilities. For details, see "— Our Suppliers — Sub-contracting". Our in-house technicians perform routine management and inspections of certain systems and equipment and they also take charge of planning equipment maintenance and maintaining ledgers to ensure the normal operation of the equipment in the serviced areas.

Revenue Model of Property Management Services

During the Track Record Period, we charged property management fees primarily on a lump sum basis, with a limited amount of our revenue from property management services generated on a commission basis. Our property management revenue generated from services charged on a lump sum basis accounted for 99.3%, 99.2%, 99.3% and 99.3% of our total revenue from property management services for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. The following tables set out the breakdowns of our (i) revenue from property management services and (ii) GFA under management by revenue model for the periods or as at the dates indicated:

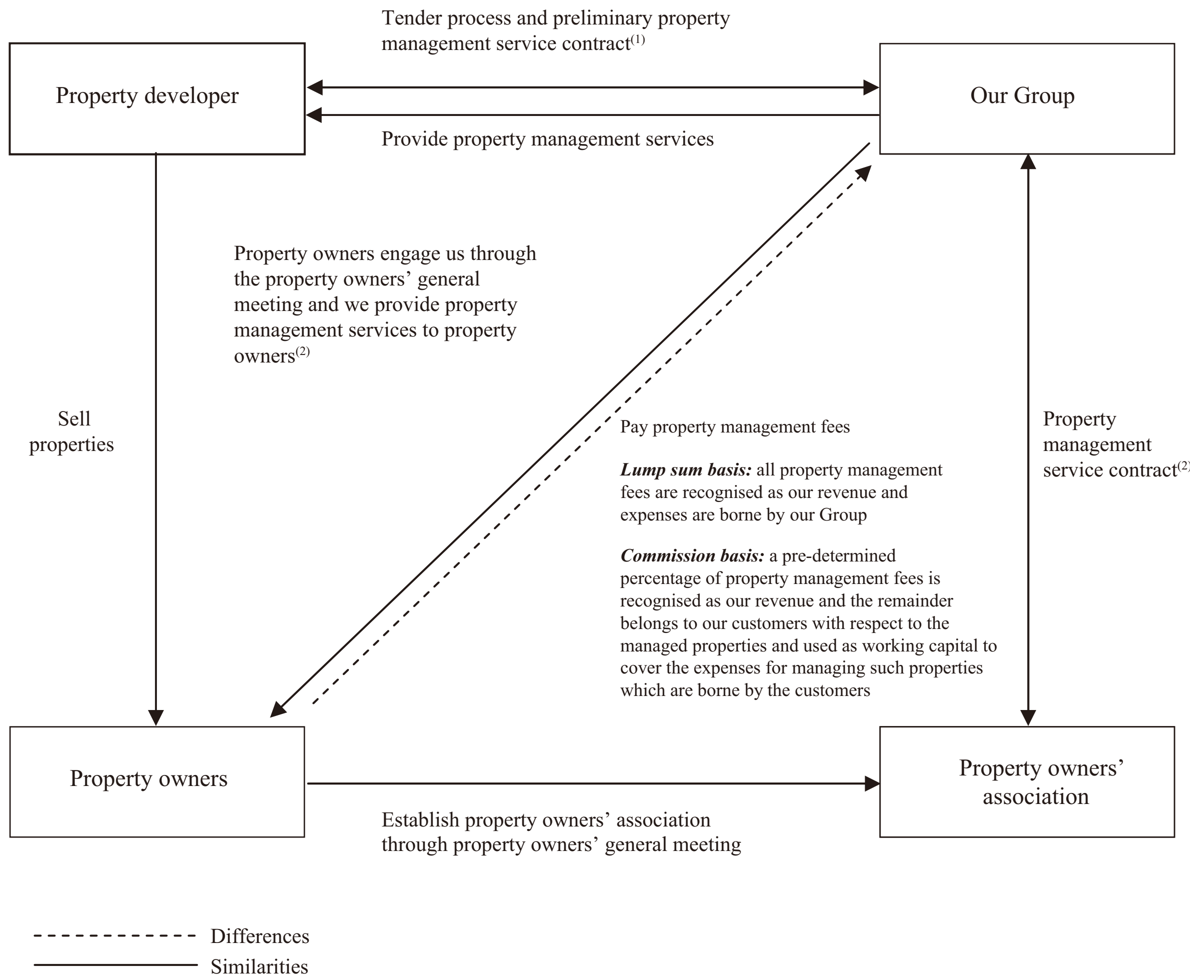
	Year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
Lump sum basis	1,892,922	99.3	2,400,258	99.2	2,887,745	99.3	1,268,298	99.2	1,810,393	99.3
Commission basis	13,340	0.7	18,893	0.8	21,763	0.7	9,595	0.8	12,582	0.7
Total	1,906,262	100.0	2,419,151	100.0	2,909,508	100.0	1,277,893	100.0	1,822,975	100.0

	As at 31 December						As at 30 June	
	2016		2017		2018		2019	
	GFA under management		GFA under management		GFA under management		GFA under management	
	'000 sq.m.	*%*	*'000 sq.m.*	*%*	*'000 sq.m.*	*%*	*'000 sq.m.*	*%*
Lump sum basis	76,557	93.6	99,140	93.4	181,314	95.2	252,612	97.0
Commission basis	5,261	6.4	7,041	6.6	9,207	4.8	7,721	3.0
Total	81,818	100.0	106,181	100.0	190,521	100.0	260,333	100.0

We take into account a number of factors in determining whether to charge property management fees on a lump sum basis or a commission basis, including local regulations, requirements of property developers or property owners' associations, the local market condition and the nature and requirements of individual properties on a case by case basis. We conduct assessments of our prospective customers by evaluating key factors such as the estimated costs of managing the property, historical property management fee collection rate, projected profitability, fee rates charged by competitors as well as whether the property was previously managed on a lump sum basis or a commission basis. The assessment helps us determine whether to manage the property on a lump sum basis or a commission basis.

Property management fees we charge for the majority of the residential communities, commercial and office buildings we manage are calculated based on the GFA under management for the relevant projects. For the majority of the public and other properties we manage, we charge a lump sum property management fee on a per project basis. Such fee is determined not directly based on the GFA under management for the relevant project but by taking into account factors such as the nature and scope of the specific property management services to be provided, our staff cost expected to be incurred and reasonable target profit margins.

The following diagram illustrates the major differences between managing residential communities under the two revenue models:



Notes:

(1) The property developer can enter into a preliminary property management service contract with us and such contract is legally binding on the property owners.

(2) The property owners can select to engage us through the property owners' general meeting. Once we are selected, the property owners' general meeting can authorise the property owners' association to enter into a property management service contract with us on behalf of the property owners and such contract is legally binding on all the property owners.

The differences between lump sum basis and commission basis are explained in more details below:

- ***Property management fees charged on a lump sum basis***

On a lump sum basis, we generally charge a property management fee on a monthly basis as agreed under the property management service contracts which represents "all-inclusive" fees for all of the property management services provided by us with respect to the managed property. We are entitled to retain the full amount of property management fees received from customers such as property owners, property developers and residents, as the case may be.

On a lump sum basis, we bear the costs of managing properties, and recognise such costs as our cost of services, which generally include expenses associated with our staff directly providing property management services, as well as our sub-contracting costs for third-party services. As a result, reducing the costs incurred in the provision of management services to a property has a direct impact on our profitability. If the amount of property management fees we collect during the term of a contract is not sufficient to cover all the expenses incurred, we are not entitled to request property owners, property developers or residents to pay us the shortfall. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, we had 33, 31, 30 and 33 projects managed on a lump sum basis which incurred losses amounting to RMB15.9 million, RMB14.5 million, RMB13.5 million and RMB7.2 million, respectively. The revenue of property management services from properties managed on a lump sum basis which incurred losses during the Track Record Period accounted for 2.5%, 2.7%, 1.7% and 1.7% of our total revenue for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. Losses incurred for these properties were primarily due to the relatively large costs incurred at the early stage of our management of such properties with respect to staff set-up and deployment and coordination of third-party service providers, as well as relatively lower level of efficiency achieved in cost-saving measures through automation, smart management and hardware upgrade. During the Track Record Period, we had continued to manage certain of those loss-making projects with a view to gradually improving their profitability through various cost-saving measures and complementing their property management revenue with that from value-added services. For details, see "Risk Factors — Risks relating to our Business and Industry — We may be subject to losses and our profit margins may decrease if we fail to control our costs in performing our property management services on a lump sum basis". To maintain the profitability of our managed properties, we have undertaken various cost-saving measures. For details, see "— Standardisation, Digitisation and Smart Management".

- ***Property management fees charged on a commission basis***

During the Track Record Period, we derived revenue from a limited number of property management service contracts on a commission basis, amounting to RMB13.3 million, RMB18.9 million, RMB21.8 million and RMB12.6 million for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. On a commission basis, we recognise as revenue a pre-determined property management commission fee representing a fixed percentage, generally ranging from 6% to 10%, of the property management fees payable by property owners, property developers and residents, or expenses incurred in connection with providing such services, while the remainder of such property management fees are used as working capital to cover the expenses we incur for managing such properties.

When we are contracted to manage communities on a commission basis, we essentially act as an agent of the property owners and residents where transactions related to the management offices of these communities are settled through our treasury function. On a commission basis, we are not entitled to any excess of the property management fees paid by customers (after deducting the fees receivable by us as the property manager) over the costs and expenses associated with the provision of services to the property. Therefore, we do not recognise any direct cost under property management service contracts charged on a commission basis in general. Such costs are borne by the property owners, property developers and residents, as the case may be.

Property Management Fees

Pricing of Property Management Services

We generally price our property management services based on a number of factors, including (i) the types and locations of the properties, (ii) the scope and quality of the services proposed, (iii) our budgeted expenses, (iv) our target profit margins, (v) profiles of the property owners and residents, (vi) the local government's guidance price on property management fees (where applicable), and (vii) the pricing of comparable properties. In addition, we consider the potential cost savings we can realise through standardisation, digitisation and smart management, which allow us to propose property management fees to customers which are acceptable to them.

In the PRC, the fees that property management companies may charge in connection with property management services for properties, such as residential communities, are regulated and supervised by the relevant PRC authorities. The relevant price administration department and construction administration department of the State Council are jointly responsible for the supervision over and administration of fees charged in relation to property management services for preliminary property management service contracts and such fees may need to follow PRC government guidance prices in different regions in China. See "Regulatory Overview — Laws and Regulations relating to Property Management Service and Other Related Services — Fees Charged by Property Management Enterprises".

Our average property management fee charged for residential communities, being our revenue from management of such properties for the relevant month divided by the GFA under management of such properties for each month, was approximately RMB2.10, RMB2.13, RMB2.14 and RMB2.18 per sq.m. per month for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively.

Our average property management fee charged for residential communities developed by Poly Developments and Holdings Group, being our revenue from management of such properties for the relevant month divided by the GFA under management of such properties for each month, was approximately RMB2.14, RMB2.19, RMB2.21 and RMB2.27 per sq.m. per month for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. Our average property management fees charged for residential communities developed by other property developers, being our revenue from management of such properties for the relevant month divided by the GFA under management of such properties for each month, were approximately RMB1.19, RMB1.31, RMB1.47 and RMB1.48 per sq.m. per month for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively.

During the Track Record Period, our average property management fees charged for residential communities developed by other property developers were lower than for those developed by Poly Developments and Holdings Group. This was mainly because, to increase our market share with respect to the property management of other sources of projects, we obtained many of our service engagements in the vicinity of our existing managed properties from small to medium-sized property developers under which relatively lower property management fees were charged given the profile, scale and locations of such properties.

The property management fees we charged during the Track Record Period for residential communities were determined in accordance with normal commercial terms.The following table sets out our average property management fee charged for residential communities by source of projects and stage of projects for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2016	2017	2018	2019
	(RMB/ sq.m./month)			
Properties developed by Poly Developments and Holdings Group(1)				
– Preliminary stage for residential properties(2)	2.16	2.22	2.24	2.30
– Property owners' association stage for residential properties(3)	1.61	1.69	1.90	1.96
	2.14	2.19	2.21	2.27
Other sources of projects(4)				
– Preliminary stage for residential properties(2)	1.20	1.22	1.43	1.45
– Property owners' association stage for residential properties(3)	1.17	1.59	1.65	1.68
	1.19	1.31	1.47	1.48
Overall	2.10	2.13	2.14	2.18

Notes:

(1) For purposes of the above table, "properties developed by Poly Developments and Holdings Group" refers to residential properties developed, solely or jointly with other parties, by members of Poly Developments and Holdings Group (including its joint ventures and associates).

(2) Refers to preliminary property management service contracts entered into with property developers for the management of residential properties.

(3) Refers to property management service contracts entered into with property owners' associations for the management of residential properties.

(4) For purposes of the above table, "other sources of projects" refers to residential properties developed by property developers other than Poly Developments and Holdings Group (including its joint ventures and associates).

The average property management fee charged for residential properties developed by Poly Developments and Holdings Group at preliminary stage were higher than that at property owners' association stage during the Track Record Period. It usually takes years for property owners' association to be established for a residential community when it enters a mature phase with sufficient occupancy rates. These residential communities developed by Poly Developments and Holdings Group at property owners' association stage were generally those which we commenced to provide property management services at relatively earlier years when the initial property management fees charged were relatively low compared to projects we undertook in later years. Even though we may have raised prices for those projects over the years, their property management fees are still generally lower than newer projects which are still at the preliminary stage.

Our average property management fee charged for commercial and office buildings, being our revenue from management of such properties for the relevant month divided by the GFA under management of such properties for each month, was approximately RMB6.29, RMB6.33, RMB6.71 and RMB6.71 per sq.m. per month for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively.

Our average property management fee charged for commercial and office buildings developed by Poly Developments and Holdings Group, being our revenue from management of such properties for the relevant month divided by the GFA under management of such properties for each month, was approximately RMB7.75, RMB8.24, RMB7.73 and RMB7.97 per sq.m. per month for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. Our average property management fee charged for commercial and office buildings from other sources of projects, being our revenue from management of such properties for the relevant month divided by the GFA under management of such properties for each month, was approximately RMB2.09, RMB2.18, RMB3.12 and RMB3.15 per sq.m. per month for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively.

The average property management fee we charged during the Track Record Period for commercial and office buildings developed by Poly Developments and Holdings Group were higher than that we charged for commercial and office buildings from other sources of projects. This was mainly because these commercial and office buildings developed by Poly Developments and Holdings Group generally included high-end office buildings of A grade or A plus grade that were located in major first-tier or second-tier cities in China of which higher property management fees were charged by us as compared to the other types of office and commercial buildings that we managed from other sources of projects. The property management fees we charged during the Track Record Period for commercial and office buildings were determined in accordance with normal commercial terms.

For the majority of the public and other properties we manage, we charge a lump sum property management fee on a per project basis. Such fee is determined not directly based on the GFA under management for the relevant project but by taking into account factors such as the nature and scope of the specific property management services to be provided, our staff cost expected to be incurred and reasonable target profit margins.

Under our property management service contracts, we can negotiate with property owners to raise the property management fees upon contract renewal or through obtaining approval from the requisite number of property owners under applicable PRC laws and regulations. In practice, as it takes time to communicate with the property owners and to go through the necessary procedures to obtain their requisite approval, we would evaluate the situation on a case-by-case basis and generally would propose to adjust the property management fees when we consider it necessary in conducting our business, such as when an extended scope of services is required by property owners and residents or we need to improve the profitability of any potentially loss-making managed property, and there is no assurance that we would succeed in achieving such fee increases whenever needed. For further details, see "Risk Factors — Risks relating to Our Business and Industry — We may be subject to losses and our profit margins may decrease if we fail to control our costs in performing our property management services on a lump sum basis".

Taking into account our property management fees charged on the lump sum basis and the time and procedures it takes to adjust such fees from time to time, we have undertaken various internal measures to reduce cost and maintain profitability for our property management services. For instance, to reduce our operational costs, we have outsourced certain labour-intensive services such as cleaning, as well as specialised services such as repair and maintenance of elevator systems, to third-party subcontractors. Moreover, we also focus on implementing standardisation, digitisation and smart management measures to reduce our reliance on manual labour. For details, see "— Standardisation, Digitisation and Smart Management".

Collection of Property Management Fees

When the properties to be managed by us have reached the delivery stage, we begin receiving property management fees from owners of the sold property units which are generally calculated based on the size of the unit.

We generally charge property management fees on a monthly basis. Property management fees are due for payment by customers upon the issuance of a demand note. We generally do not grant credit terms to customers for the property management fees we charge. For further details on our trade receivables, see "Financial Information — Description of Selected Consolidated Statement of Financial Position Items — Trade Receivables".

We generally enter into a fee payment arrangement with the property owner and relevant bank upon delivery of the property under which property management fees are paid to us, as designated by the property owner. Our property management fees can be made by customers through bank transfers, by credit or debit card or via third-party online payment platforms which are linked to our online service platform. To a limited extent, payment of property management fees can also be made to us in cash.

During the Track Record Period, we also received property management fees from property developers for completed but unsold property units and sold and completed property units prior to the delivery date agreed between property developers and property purchasers. In line with general market practice, property management fees for certain of these property units were charged by us during the Track Record Period at a discount of generally 50% to 70% and in accordance with applicable PRC laws and regulations. During the Track Record Period, we provided property management services for the aforementioned property units mainly to Poly Developments and Holdings Group (including its joint ventures and associates), from which we generated revenue in an aggregate amount of RMB198.5 million, RMB126.5 million, RMB89.5 million and RMB55.5 million for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively.

We have undertaken various measures to enhance the timeliness of the collection of property management fees. When the property management fees become overdue, we will send overdue payment notices to the customers by phone, messages, through our online service platform or deliver in person or to the mailboxes of the property owners and residents and follow up with frequent payment reminders. In the event of significant payment delays after repeatedly failed collection attempts, we may initiate legal proceedings to collect the property management fees.

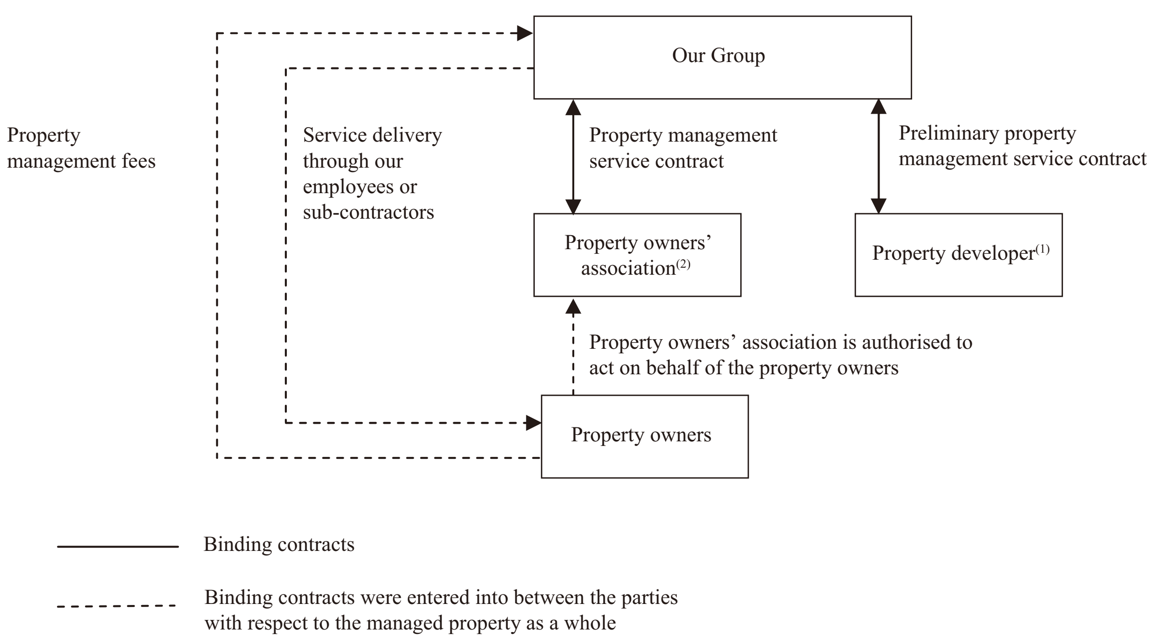
Our collection rates of property management fees from customers, calculated as a percentage of the property management fees collected by the end of the relevant period (excluding any such fees received for previous period(s) and prepaid fees) of the corresponding total property management fees receivable for the same period, were 95.8%, 95.8%, 96.0% and 81.3%, for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. The relatively lower collection rate of property management fees for the six months ended 30 June 2019 as compared to other years during the Track Record Period was mainly because, as an industry norm, certain of our customers tend to pay their property management fees at mid-year or year-end out of personal preference and convenience. Our Directors believe that, benefiting from the satisfactory services provided to customers coupled with our continual fee collection efforts, we had maintained a reasonable property management fee collection level during the Track Record Period.

Property Management Service Contracts

Property management service contracts for residential communities

For the provision of our property management services of residential communities, we enter into (i) preliminary property management service contracts with property developers, or (ii) property management service contracts with property owners' associations (on behalf of the property owners). During the Track Record Period, a substantial part of our revenue from property management services for residential communities was generated from preliminary property management service contracts entered into with property developers, which accounted for 96.4%, 95.1%, 93.1% and 93.9% of our revenue from property management services for residential properties for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively.

The diagram below illustrates our relationships with various contracting parties under our property management service contracts for residential communities:



Notes:

(1) Property developer enters into preliminary property management service contract with us. Such contracts are legally binding on future property owners in accordance with PRC laws.

(2) Property owners' association enters into property management service contract on behalf of property owners with us and such contracts are legally binding on all property owners in accordance with PRC laws.

Property developers typically engage property management service providers through a tender and bidding process or in other manners as allowed under applicable PRC laws and regulations and would contract directly with property management service providers before newly developed properties are sold to property owners. Upon engagement by the property developers, property management companies will generally need to make registration of the preliminary property management service contracts (together with the proposed property management fees) with the local government authorities. Such filing, as required by the local government authorities, generally has to be made prior to the approval of property pre-sale permits for the property developers by the local PRC authorities.

Our PRC Legal Advisers have advised us that although neither the property owners' associations nor property owners are parties to the preliminary property management service contracts, these contracts are nonetheless legally binding on the future property owners under PRC law as the property sale and purchase agreements that property owners enter into with property developers shall include the content of the preliminary property management service contracts. Accordingly, property owners are obligated to pay property management fees directly to us under these contracts. Under PRC laws, property owners may engage a property management company through the property owners' general meeting. Generally, the property owners' association is formed to handle the daily communication with the property management company on behalf of the property owners. The property owners' association will need to be authorised by the property owners to enter into a property management service contract on behalf of the property owners.

The key terms and arrangements of our preliminary property management service contracts and property management service contracts for residential communities are substantially identical and typically include the following:

- **Scope of services**. We provide standard property management services including security, cleaning, greening, gardening, repair and maintenance of the common areas and related equipment and facilities. We may also be responsible for collecting utility fees of the common areas on behalf of the property owners and residents and providing other auxiliary property management services.

- **Performance standards**. The contract sets out the quality standards required for providing the property management services, as well as the requirement for regular examination and maintenance of equipment and facilities in the common areas.

- **Property developer's obligations**. The property developer is primarily responsible for, among other things, (i) obtaining an undertaking from every property purchaser that it will comply with the preliminary property management service contract which is usually attached to the property sales and purchase agreements, (ii) providing a readily available management office for us to use as our on-site property management office, (iii) ensuring the quality of the common area equipment and facilities delivered to a property, and (iv) providing us with blueprints and other construction design documents and completion inspection documents.

- **Property management fees**. The contract sets out the property management fee rates to be collected which generally begin to accrue upon delivery of the purchased property as agreed under the property management service contracts. The property developer is generally responsible for paying the property management fees for unsold property units and sold property units prior to the delivery date agreed in the relevant property sales and purchase agreements. We may also impose late fees on overdue property management fees and have the right to initiate legal proceedings against customers to collect the fees.

- **Sub-contracting**. We are allowed to outsource individual components of the property management services to specialised third-party sub-contractors. For example, we may choose to outsource security, cleaning, greening, gardening services, as well as repair and maintenance services for elevators and fire facilities to third-party sub-contractors and only conduct the overall coordination and planning ourselves. For arrangements with our third-party sub-contractors, see " — Our Suppliers — Sub-contracting".

- **Term of service**. The majority of our preliminary property management service contracts entered into with property developers do not have a fixed term and can be terminated when the property owners select another property management service provider through the property owners' general meeting and a replacing property management service contract entered into by the property owners' association takes effect. Property owners' associations are generally authorised by the property owners to enter into property management service contracts with us on behalf of the property owners which typically have fixed terms ranging from three to five years.

Property management service contracts for non-residential properties

We enter into property management service contracts with customers such as property owners and property developers for the management of non-residential properties. The following summarised the general terms of our property management service contracts for non-residential properties:

- **Scope of services.** We generally provide property management services including security, cleaning, greening, gardening, repair and maintenance of the common areas and related equipment and facilities. The service contracts entered into with government agencies regarding town management may specifically set out services such as assistance to government agencies in their administration and supervision activities, including but not limited to city appearance, environmental sanitation, security and social order.

- **Performance standards.** The contract sets out the quality standards required for providing the property management services, as well as the requirement for regular examination and maintenance of equipment and facilities in the common areas.

- **Customers' obligations.** The customers of our property management service contracts for non-residential properties primarily responsible for, among other things, (i) payment of property management fee in the agreed manner, (ii) providing a readily available office space for us to use, and (iii) ensuring the quality of the common area equipment and facilities.

- **Property management fees.** The contract sets out the property management fees generally payable on a monthly or quarterly basis. We may also impose late fees on overdue property management fees and have the right to initiate legal proceedings against the customers to collect the fees.

- **Sub-contracting.** We are allowed to outsource individual components of the property management services to third-party sub-contractors and only conduct the overall coordination and planning ourselves.

- **Term of service.** Our property management service contracts for non-residential properties generally have a fixed contract term of one to five years.

Expiration schedule of property management service contracts

The following table sets out the expiration schedule of property management service contracts for our property management projects as at 30 June 2019:

	Contracted GFA		**Number of contracts**	
	'000 sq.m.	*%*		*%*
Property management service contracts without fixed term[1]	182,989	40.2	752	59.4
Property management service contracts under which we provided services beyond contract expiration[2]	23,183	5.1	84	6.6
Property management service contracts with fixed terms expiring in				
Year ending 31 December 2019	12,680	2.8	86	6.8
Year ending 31 December 2020	187,150	41.1	139	11.0
Year ending 31 December 2021 and beyond	48,913	10.8	204	16.2
Subtotal	248,743	54.7	429	34.0
Total	454,915	100.0	1,265	100.0

Notes:

(1) A property management service contract without fixed term primarily refers to a preliminary property management service contract entered into with the property developer which does not have a fixed term and can be terminated when the property owners' association is formed and the property owners select the property service provider with a replacing property management service contract entered into by the property owners' association. A considerable portion of the property management service contracts we entered into as at 30 June 2019 were preliminary property management service contracts entered into with property developers.

(2) We continued to provide services under these property management service contracts despite of their expired contract terms as at 30 June 2019. This was mainly because the relevant property owners' general meetings of such properties are yet to be convened to renew our property management service contracts or to select a replacement property management service provider. As advised by our PRC Legal Advisers, we are entitled to receive the property management fees for the continued services we provide for such property management service contracts beyond contract expiration.

We maintained a relatively high contract renewal rates for our property management services during the Track Record Period. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our property management service contracts renewal rates (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) were 99.8%, 99.6%, 98.2% and 99.0%, respectively. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, we did not renew the property management service contracts for one, four, 19 and 13 projects, respectively. We did not renew some of these projects during the Track Record Period for reasons such as the customers' adjusted service engagement requirements and/or internal policies and we also voluntarily terminated certain of these projects as we optimised the reallocation of our resources for more profitable projects. The property management revenue from these non-renewed projects accounted for 0.1%, 0.1%, 0.4% and 0.3% of our total revenue for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. Under PRC laws, the property owners' general meeting of a residential community has the right to change property management companies pursuant to certain procedures. Our property management service contracts for non-residential properties are also subject to renewal or can be terminated pursuant to the relevant contract clauses. In the event of termination or non-renewal of property management service contracts, we may be adversely affected. See "Risk Factors — Risks relating to our Business and Industry — Termination or non-renewal of our property management service contracts for a significant number of properties could have a material adverse effect on our business, financial position and results of operations".

Growth of our Property Management Services Portfolio

We had been expanding our property management services business during the Track Record Period primarily through obtaining new service engagements from property developers or property owners' associations. In the future, we also plan to expand our coverage by acquiring more property management companies with complementary business profile and industry experience. For details, see "— Business Strategies — Further expand the scale of our property management business through multiple channels and to solidify our leading industry position". The following table indicates the movement of our (i) contracted GFA and (ii) GFA under management during the Track Record Period:

	As at 31 December						As at 30 June	
	2016		2017		2018		2019	
	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management
	('000 sq.m.)	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*
As at beginning of the period								
– Properties developed by Poly Developments and Holdings Group(2)	97,855	68,076	117,515	75,218	143,174	91,379	170,744	109,369
– Other sources of projects(3)	4,301	3,871	17,836	6,600	41,290	14,802	190,797	81,152
	102,156	71,947	135,351	81,818	184,464	106,181	361,541	190,521
New engagements(1)								
– Properties developed by Poly Developments and Holdings Group(2)	19,660	7,142	25,659	16,161	27,570	17,990	9,320	2,762
– Other sources of projects(3)	13,545	2,739	24,487	8,536	146,294	62,056	84,184	66,916
	33,205	9,881	50,146	24,697	173,864	80,046	93,504	69,678
Acquisitions(4)								
– Properties developed by Poly Developments and Holdings Group(2)	–	–	–	–	–	–	–	–
– Other sources of projects(3)	–	–	–	–	6,817	6,817	2,041	1,902
	–	–	–	–	6,817	6,817	2,041	1,902
Terminations(5)								
– Properties developed by Poly Developments and Holdings Group(2)	–	–	–	–	–	–	–	–
– Other sources of projects(3)	(10)	(10)	(1,033)	(334)	(3,604)	(2,523)	(2,171)	(1,768)
	(10)	(10)	(1,033)	(334)	(3,604)	(2,523)	(2,171)	(1,768)
As at end of the period								
– Properties developed by Poly Developments and Holdings Group(2)	117,515	75,218	143,174	91,379	170,744	109,369	180,064	112,131
– Other sources of projects(3)	17,836	6,600	41,290	14,802	190,797	81,152	274,851	148,202
	135,351	81,818	184,464	106,181	361,541	190,521	454,915	260,333

Notes:

(1) In relation to residential communities we manage, new engagements primarily include service engagements for new property developments constructed by property developers and to a much lesser extent, service engagements for residential communities replacing their previous property management companies.

(2) For purposes of the above table, "properties developed by Poly Developments and Holdings Group" refers to properties developed, solely or jointly with other parties, by members of Poly Developments and Holdings Group (including its joint ventures and associates).

(3) Other sources of projects refer to (i) property developers other than Poly Developments and Holdings Group (including its joint ventures and associates) and (ii) property owners of certain of public and other properties (such as schools and public service facilities).

(4) These refer to new engagements obtained during the Track Record Period through our acquisitions of certain property management companies, namely Hunan Poly Tianchuang in 2018 and Poly Huichuang Chongqing in 2019.

(5) These terminations mainly included our voluntary non-renewal of certain property management service contracts as we reallocated our resources to more profitable engagements to optimise our property management portfolio.

We conduct market research and select our customers based on their property portfolio, background and development timetable of the target properties. We conduct feasibility analyses and financial projections before taking on a new engagement, taking into account a variety of factors, such as the profile and size of the property, estimated costs of managing the property, historical property management fee collection rate, projected profitability, competitive landscape of the local market, any applicable regulatory requirement and potential synergy with our other business, such as value-added services.

Under PRC laws, property developers are typically required to select property management service providers and enter into preliminary property management service contracts for residential properties through a tender and bidding process. In circumstances where there are not enough bidders or the size of the managed property is small, property developers are permitted under PRC laws to select property management service providers without conducting any tender and bidding process, subject to approval by the competent PRC property administration authorities.

A typical tender and bidding process primarily involves the following stages:

- **Invitation**. The property developer may publish an announcement to invite potential bidders or issue private invitations to at least three qualified bidders setting out the specifications and requirements for the tendered property management project. Tender invitation related documents and governmental approvals in relation to the property management project are required to be submitted and filed with the competent local real estate administration department in the PRC in advance.

- **Tender submission**. Bidders submit tender documents to the property developer which generally contain proposed pricing, proposal and plan for property management and other information as specified by the tender invitation. Bidders may be required to provide pre-qualification documents for vetting before the formal tender documents are submitted.

- **Evaluation**. The property developer will establish a tender evaluation committee to review and rank the submitted tenders. The tender evaluation process and the composition of the tender evaluation committee must comply with the requirements of relevant PRC laws and regulations. The tender evaluation committee generally takes into account factors such as credentials, service quality, availability of capital and proposed fee levels when it evaluates the proposals.

- **Selection**. Based on its evaluation, the tender evaluation committee recommends to the property developer and ranks the top three bidders. The property developer will generally confirm the top one bidder as the winner and proceed to arrange for necessary notification.

- **Award and contract signing**. The property developer must file the result of the tender with the relevant local authorities within 15 days upon confirmation of the award. The property management contract so awarded to the winner is expected to be signed within 30 days upon issuing the notification of the award.

A public tender process may also be required under PRC laws and regulations for PRC government, public institutions and bodies with public fiscal funds to engage property management service providers for properties, such as government buildings and public facilities.

During the Track Record Period, we won the bids for almost all of the property management projects developed by Poly Developments and Holdings Group (including its joint ventures and associates) in which we participated in the tender and bidding process. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, we participated in 121, 216, 264 and 151 tender and bidding process for property management projects from other sources, respectively. Our tender success rates for property management projects from other sources, being the number of tender and bidding processes for property management projects from other sources we won divided by the total number of tender and bidding processes for property management projects from other sources in which we participated for the same period, were 52.1%, 49.1%, 44.7% and 36.4%, respectively. Our tender success rates for property management projects from other sources decreased during the Track Record Period mainly due to our adjusted strategy to participate in more tender and bidding processes for an increasing number of property management projects from other sources.

We procured our property management service contracts as at 30 June 2019 from property developers mainly through (i) tender and bidding procedures regulated by applicable PRC laws or (ii) commercial negotiation pursuant to approvals obtained from relevant local authorities or otherwise not compulsorily required by the relevant local authorities. Apart from these, we had 20 preliminary property management service contracts as at 30 June 2019 from property developers which did not conduct the tender and bidding process under PRC laws and regulations and the compulsory requirement of relevant local authorities (the "**Relevant Property Management Projects**"). Our revenue for property management services generated from the Relevant Property Management Projects accounted for 0.7%, 0.9%, 0.8% and 0.3% of our total revenue for the years ended 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively.

As confirmed by our Directors, the lack of a tender and bidding process for the selection of property management service providers for the Relevant Property Management Projects was not caused by us but the relevant property developers. As advised by our PRC Legal Advisers, there are no specific laws and regulations in the PRC which set out administrative penalties upon property management companies for failing to entering into preliminary property management service contracts through a tender and bidding process. As further advised by our PRC Legal Advisers, the lack of tender and bidding process for entering into the preliminary property management service contracts of the Relevant Property Management Projects shall not affect the validity of these contracts as stipulated under the PRC Contract Law. Our Directors also confirm that, based on the opinion given by our PRC Legal Advisers and the limited contracted GFA contribution of the Relevant Property Management Projects, the fact that these projects did not go through the required tender and bidding process will not have any material and adverse impact on our business, financial position or results of operations. See "Risk Factors — Risks relating to our Business and Industry — Our property management service contracts may have been obtained without going through the required tender and bidding process".

As at the Latest Practicable Date, we were not aware of any administrative penalties or any notice of potential administrative penalties from the relevant competent authorities on the relevant property developers in relation to any required tender and bidding process for our preliminary property management service contracts.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

Leveraging our property management expertise and capitalising on our brand reputation, we offer value-added services to non-property owners, such as property developers and other property management companies, to address their various needs arising throughout various stages of property development and management.

We commenced to provide value-added services to non-property owners in 2011. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our revenue from value-added services to non-property owners amounted to RMB398.8 million, RMB502.0 million, RMB696.5 million and RMB458.6 million, respectively, accounting for 15.6%, 15.4%, 16.5% and 16.3% of our total revenue for the respective periods.

During the Track Record Period, our value-added services to non-property owners included the following categories:

- **Pre-delivery services**. During the Track Record Period, we provided value-added services to non-property owners primarily through the provision of pre-delivery services to property developers to assist with their sales and marketing activities at property sales venues and display units so as to create a good service brand for property developers to potential property buyers. We deploy on-site staff at the property sales venues and display units to provide pre-delivery services generally including visitor reception, cleaning, security inspection, maintenance and other customer related services for potential property buyers. We have implemented quality standards for our pre-delivery services and regularly assess the quality of such services.

- **Other value-added services to non-property owners**. Our other value-added services to non-property owners during the Track Record Period included: (i) consultancy services to property developers and other property management companies with respect to property development design and construction plan from the perspective of property management, (ii) inspection services to property developers prior to delivery of property units, (iii) delivery services to property developers for the management of property delivery venues, and (iv) commercial operation services to property developers mainly with respect to operation and rental assistance for carpark spaces and business tenant sourcing of office buildings.

The following table sets out the breakdown of our revenue from value-added services to non-property owners by service type for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Pre-delivery services	326,389	81.8	421,058	83.9	565,568	81.2	292,576	86.3	358,633	78.2
Other value-added services to non-property owners	72,447	18.2	80,926	16.1	130,934	18.8	46,520	13.7	100,013	21.8
Total	398,836	100.0	501,984	100.0	696,502	100.0	339,096	100.0	458,646	100.0

We generally charge a fee for the provision of value-added services to non-property owners on transaction basis, which is either based on our actual cost or at a fixed lump sum amount, taking into account the nature and scope of the services, the headcount and positions of the staff we deploy and the size, location and positioning of the properties involved. We generally do not give a credit term to customers of our value-added services to non-property owners. The term of our contracts for value-added services to non-property owners is generally set to expire when the customers notify us that our services are no longer required.

During the Track Record Period, we generated the majority of our revenue of value-added services to non-property owners from Poly Developments and Holdings Group, demonstrating an enhanced synergy between our business and the property development business of Poly Developments and Holdings Group. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our revenue from Poly Developments and Holdings Group (including its joint ventures and associates) for value-added services to non-property owners amounted to RMB357.1 million, RMB443.8 million, RMB627.0 million and RMB423.4 million, respectively, accounting for 13.9%, 13.7%, 14.8% and 15.0% of our total revenue for the respective periods. As we further promoted our brand and industry presence over the years with a view to diversifying our customer base for this business line, we also began to serve an increasing number of other property developers for our value-added services to non-property owners during the Track Record Period. We believe the provision of such services to other property developers would cultivate our relationship with these customers at an early stage of property development so as to enable us to obtain subsequent property management engagements from them.

COMMUNITY VALUE-ADDED SERVICES

As an extension of our property management services business, we provide community value-added services to property owners and residents of our managed properties mainly to address their lifestyle and daily needs, enhance customer experience, satisfaction and loyalty, and to create a healthier and more convenient community for property owners and residents. These services are provided primarily through our daily contact and interaction with our customers during the process of providing traditional property management services, as well as through our online service platform such as our mobile application.

We commenced to provide community value-added services in 2011. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, revenue generated from our community value-added services amounted to RMB259.1 million, RMB319.2 million, RMB623.4 million and RMB540.4 million, respectively, accounting for 10.1%, 9.9%, 14.7% and 19.1% of our total revenue for the respective periods.

During the Track Record Period, we provided the following categories of community value-added services:

- **Community living services**. This mainly included (i) purchase and delivery assistance for groceries, seasonal products and other daily necessities, (ii) home outfitting, turnkey furnishing and move-in services, (iii) other community convenience services in collaboration with third-party merchants such as tourism services, housekeeping services, repair and maintenance services of home appliances and express delivery assistance; and

- **Community asset value-added services**. This mainly included: (i) parking lot management services, and (ii) common area value-added services, such as common area rental assistance.

The following table sets out the breakdown of our revenue from community value-added services by services type for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Community living services	205,631	79.4	248,749	77.9	451,624	72.4	232,398	77.8	416,838	77.1
Community asset value-added services	53,458	20.6	70,450	22.1	171,744	27.6	66,407	22.2	123,561	22.9
Total	259,089	100.0	319,199	100.0	623,368	100.0	298,805	100.0	540,399	100.0

We provide these community value-added services either by ourselves or in collaboration with qualified third-party merchants. For community value-added services directly provided by us, we generally charge a fee for such services at a pre-negotiated fixed amount on a per-transaction basis. For community value-added services provided in collaboration with third-party merchants, we generally receive from these merchants a fixed fee or a percentage of the sales price as referral fees.

For common area value-added services, we are authorised under the property management service contracts or under property owners' consents of a certain scale as required by the PRC laws to lease out the common areas on behalf of the property owners. We generally recognise an agreed portion of the income generated from such services as our revenue in accordance with the property management service contracts.

For the provision of community value-added services which involves the collaboration with third-party merchants, we screen and select suitable merchants based on a number of factors including price competitiveness, quality of products or services and responsiveness to demands of customers. We may select a few third-party merchants to provide certain products or services to managed communities within the same region, considering the nature of the product or service in question and the operating scale and capability of the merchants to cater to the different needs and preferences of the residents in such communities. We adopt strict entry threshold and quality control measures to ensure the quality of products or services provided by third-party merchants. We typically enter into written collaboration agreements with merchants, setting forth, among other things, referral fee rates, settlement mechanisms, logistics for deliveries of products or services and liability for compensation. We may replace a third-party merchant in the event of substandard performances.

STANDARDISATION, DIGITISATION AND SMART MANAGEMENT

We have been implementing upgrades of information technologies to strengthen our competitiveness, reduce operational costs and reliance on manual labour. Our professional team have been focusing on implementing standardisation, digitisation and smart management to continuously improve operation procedures, maximise operation efficiency and optimise customers' experience.

Standardisation

We have standardised and optimised our service procedures, strengthened our subsidiaries, branch offices and the headquarters' ability to manage our projects based on the ISO9001:2015 Quality Management System, ISO14001:2015 Environment Management System, OHSAS18001:2007 Occupational Health and Safety Management System, ISO/IEC27001:2013 Information Security Management System and ISO55001:2014 Assets Management System.

With the improvement of our service ability, we continuously update or issue new internal standards to meet the ever changing requirements of customers. We have formulated a series of guidelines and rules laying out detailed guidance on key standards and procedures for property management service operation, service procedures supervision and project evaluation, so as to ensure consistent and high-quality property management services covering a wide spectrum of property types. For example, our operations management department updated and issued "Harmony Courtyard Standard Operating Procedures" and "Oriental Courtesy Standard Operating Procedures" in 2019, under the guidance of which we have successfully operated a series of benchmarking property management projects nationwide. We also established and implemented a multi-level set of supervision and management standards to coordinate our standard operating procedures for property management services, such as "Project Manager Handbook", "Project Operation Handbook" with differentiated and tailored instructions for our various business departments to follow through, to further raise both operation and management efficiency and improve service quality. In addition, we have standards and procedures to evaluate projects comprehensively, for example, the "Benchmarking Project Evaluation Standards", for ourselves to identify problems and improve service quality. We believe such series of standards and procedures enable us to efficiently scale up and consistently replicate our operations without compromising our service quality.

Digitisation

As a large-scale enterprise with business operations covering projects nationwide, we take full advantage of information technologies to integrate resources and realise efficient transmission of status data of properties under management. We have been developing our ERP system which aims to support not only the operations of our on-site staff but also the remote management and coordination of our project managers, subsidiaries, branch offices and the headquarters. We realise digitisation on our customer service call centre, security services, cleaning, greening, repair and maintenance of elevators. Both our own employees and sub-contractors have online access to status information of the properties under management, equipment or facilities within their scope of duty, their working tasks and new orders to be dealt at any time. They are also required to upload real pictures and report their work completion status in ERP system. In addition, through the centralised and unified data integrated by ERP system, we can timely obtain basic information of our projects, real-time surveillance videos, collection situation of property management fees, quality inspection and evaluation results and feedback from residents and property owners, so as to realise centralised, transparent and efficient management and control on our business operations. We believe these measures effectively help further improve our operational efficiency and ensure the delivery of consistent and high-quality services.

Smart Management

We have comprehensive development strategies on smart management for purpose of guaranteeing safe, efficient and smart operation of our property management equipment and facilities. Our EBA system can realise the smart management of fire control facilities and other equipment, carparks, environment, energy conservation and many other areas, to reduce the frequency of staff's on-site inspections and lower operational costs. For example, we utilise smart sensors to collect real-time operating data of water pumps and electric power facilities and our staff could monitor through our EBA system and obtain information on any operational abnormality in time. It can effectively reduce labour costs and improve utility facilities safety. By analysing data integrated in EBA system, we could also take appropriate measures to maintain facilities and equipment without delay and thus extend their service life.

Moreover, we applied smart management technologies to create a better and safer living environment for our property owners and residents. We utilise smart-access equipment and facilities, such as face recognition system, remote-controlled access system and entrance video intercom system. We also provide PM2.5 monitoring facilities, water quality and electric leakage monitoring facilities and other smart sensor equipment to some communities. We will keep collaborating with higher education institutions and participating in research projects on Internet of Things technologies to enhance our understanding and ability of smart property management.

Online Service Platform

We utilise our online service platform, mainly comprising of our "Heyuantong" (和院通) mobile application, together with WeChat mini programme and social media public account(s), as the gateway for users to access our services both online and offline with a view to enhancing customer experience and loyalty, as well as our brand recognition. Our online service platform was first implemented in 2017 with the adoption of our "Heyuantong" mobile application. The "Heyuantong" mobile application can be used on both Android and iOS based mobile devices. As at the Latest Practicable Date, our online service platform had attracted more than 0.8 million registered users, the majority of which were authenticated as the property owners and residents of our managed properties.

Registered users can access our services through the "Heyuantong" mobile application, primarily including: (i) reporting repair requests and arranging repair logistics, (ii) contacting our property management customer service staff for assistance and complaints, (iii) paying property management fees, reviewing and tracking monthly fee statements and receiving payment reminders from us, (iv) enabling remote control for smart access to communities and property units, and (v) browsing third-party merchants' products and services information advertised on our mobile application and being directed to online stores operated by such merchants via our mobile application.

According to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法), which was issued by the State Council with effect from 25 September 2000 and revised on 8 January 2011, Internet information services refer to the provision of information to web users through the Internet, which can be divided into commercial Internet information services and non-commercial Internet services. Commercial Internet information services refer to paid services of providing information to or creating web pages for web users through the Internet. Non-commercial Internet services refer to free services of providing public, commonly shared information to web users through the Internet. Whether a certain Internet information service is regarded as commercial or non-commercial, depends on whether the provision of Internet information is free or to be charged.

As advised by our PRC Legal Advisers, (i) the business conducted by us is regarded as "non-commercial Internet information services". This is because we use our online service platform as a tool to facilitate the provision of our services and we do not generate any revenue directly from such online service platform in the form of paid Internet information services. Besides, we also provide free community social networking services through our online service platform, such as free advertisement of products and services of third-party merchants. As such services are free of charge, they do not fall under the category of commercial Internet information services; (ii) necessary filings and registrations in respect of such business have been obtained and completed by us, including, a filing of non-commercial Internet information services; (iii) non-commercial Internet information services do not belong to the category of basic telecommunication services or value-added telecommunication services and, as a result, a licence for value-added telecommunication services is not necessary for us to conduct our current business through our online service platform; and (iv) our business in connection with our online service platform is not subject to foreign ownership restrictions under relevant PRC laws and regulations.

Internal control measures with respect to data security and privacy protection

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 user data obtained through our online service platform.

We formulated internal rules to strictly limit access right to content in our information systems. We classify our staff based on their positions and responsibilities and grant them different access rights and adopt password control and other technical means to identify system users thus only necessary staff could access certain confidential information. We strengthen access management for important operational data to avoid granting process rights of incompatible responsibilities to the same person. We regularly check our system logs, in which system users' behaviors are recorded, to further ensure information security. We also have access and control system to our computer rooms and electronic equipment, under which any unauthorised entry is not allowed. Meanwhile, we regularly implement both local and remote back up of data and conduct recovery test to ensure the effectiveness of the stored information. We also assign staff to be responsible for daily maintenance of information related hardware. In addition, we organise yearly comprehensive risk assessment of information assets, and adjust strategies for information risk control and security management. We also have an emergency response mechanism for information security. We carry out emergency drills on a regular basis and accordingly improve our information management system. We obtained the certificate of ISO/IEC27001:2013 Information Security Management System in 2018.

OUR SUPPLIERS

During the Track Record Period, our suppliers primarily included (i) sub-contractors providing cleaning, greening, gardening, repair and maintenance services, and (ii) utility providers for electricity, water and heating.

During the Track Record Period, we procured certain services from Poly Developments and Holdings Group and other related parties, which mainly included (i) purchase of inventories (such as purchase of use rights of carpark spaces) from Poly Developments and Holdings Group, and (ii) purchase of software development services from our associate and a subsidiary of Poly Developments and Holdings Group, Guangdong Xinzhihui Technology Co., Ltd. For further details, see "Financial Information — Related Party Transactions and Balances".

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material delay, supply shortages or disruptions in our operations relating to our suppliers, or any material product claims attributable to our suppliers. Our suppliers generally grant us credit terms of up to 30 days and payment to our suppliers are typically settled by bank transfers.

Selection of Suppliers

We aim to create and maintain an effective and comprehensive system for supplier management. We constantly monitor and evaluate the suppliers on their ability to meet our requirements. To ensure the overall quality of our suppliers, we maintain a list of qualified suppliers, the selection of which are based on factors including, among others, their background, qualifications and past performance in providing the relevant products or services to us.

We typically engage our suppliers through a tender and bidding process, which is administered by tender assessment team comprising members of relevant business department staff initiating the purchase, finance personnel and randomly selected employees with specific knowledge for the purchase. The tender assessment team assesses and selects suitable suppliers by considering a number of factors, such as the supplier's price competitiveness, product or service quality, professional qualifications, industry reputation and financial strength.

Once a selected supplier commences to provide products or services, we periodically monitor and evaluate its performance in accordance with the signed contracts. Evaluations generally focus on the suppliers' product or service quality, cooperation with our staff, results of problem rectification and handling of customer complaints. In the event of repeated sub-standard performances or other failures, the suppliers will be terminated and removed from our list of qualified suppliers.

Sub-contracting

We delegate certain labour-intensive services and specialised services, primarily including cleaning, security, greening, gardening, and repair and maintenance services, to sub-contractors, which enables us to reduce our operating costs, improve service quality and dedicate more resources to management and other value-added services. We believe such sub-contracting arrangements allow us to leverage the human resources and technical expertise of the sub-contractors, reduce our labour costs and enhance the overall profitability of our operations. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our sub-contracting costs amounted to RMB509.4 million, RMB605.7 million, RMB818.3 million and RMB519.1 million, accounting for 23.9%, 22.7%, 24.3% and 24.1% of our total cost of services, respectively. All of our sub-contractors for the Track Record Period were located in China. For information on our quality control of sub-contractors, see "— Quality Control — Quality control of sub-contractors".

Key terms of sub-contracting agreements

We enter into sub-contracting agreements with sub-contractors on normal commercial terms. The key terms of our typical sub-contracting agreements are as follows:

- *Term.* A sub-contracting agreement typically has a term of one to three years and may be renewed upon mutual consent. If the performance rendered by the sub-contractors lives up to the agreed standards, we will consider re-engaging such sub-contractors.

- *Our responsibilities.* We are typically responsible for providing on-site staff dispatched by sub-contractors with necessary working space and facilities.

- *Obligations of sub-contractors.* Sub-contractors are responsible for providing services in accordance with the scope, frequency and standards prescribed in the relevant sub-contracting agreements and in compliance with all applicable laws and regulations. In the event of substandard performance, sub-contractors are required to take necessary rectification measures within the period required by us. If they fail to do so, we have the right to claim damages or terminate the contract. Sub-contractors are required to manage their staff providing the contracted services and there is no employment relationship between us and the staff of our sub-contractors.

- *Risk allocation.* Sub-contractors are responsible for any damage to property or personal injury caused by the fault of the sub-contractors in the course of providing the contracted services. We typically require sub-contractors to indemnify us for any damages that they cause to our customers which have been paid by us. Sub-contractors are also required to pay all social insurance and housing provident funds contributions for their staff in accordance with applicable PRC laws and bear the liabilities and responsibilities in the event of any non-compliance with applicable PRC laws or industry standards.

- *Sub-contracting fees.* Sub-contracting fees are typically payable monthly or quarterly, including costs incurred in connection with the procurement of raw materials, labour costs, equipment maintenance costs, tax expenses and other miscellaneous costs incurred by the sub-contractors.

- *No assignment.* Sub-contractors are not allowed to assign or sub-contract their obligations under the sub-contracting agreements to any other party unless with our prior consent.

Major Suppliers

During the Track Record Period, most of our top five suppliers were utility providers and sub-contractors for our property management services business. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, purchase from our single largest supplier for the Track Record Period, which was a utility provider for electricity, amounted to RMB48.4 million, RMB53.3 million, RMB62.2 million and RMB55.6 million, respectively, representing 2.3%, 2.0%, 1.8% and 2.6% of our total cost of services, respectively. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, purchase from our five largest suppliers for the Track Record Period amounted to in aggregate RMB126.4 million, RMB131.3 million, RMB151.9 million and RMB142.0 million, respectively, representing 5.9%, 5.0%, 4.4% and 6.6% of our total cost of services, respectively. We have maintained business relationship with our five largest suppliers for the Track Record Period for approximately more than ten years on average. We do not have any long-term agreements with our top five suppliers for the Track Record Period. We typically enter into supply agreements with our five largest suppliers for the Track Record Period which generally have a term ranging from one to three years.

The following tables set out the certain details of our five largest suppliers for the Track Record Period:

For the six months ended 30 June 2019

Rank	Supplier	Supplier type	Length of business relationship with us	Services provided by the supplier	Purchase amount *(RMB'000)*	Contribution to cost of services *(%)*
1.	Supplier A	Utility provider	15 years	Electricity	55,553	2.6
2.	Supplier B	Property management service provider	One year	Security and cleaning	44,630	2.1
3.	Supplier C	Elevator service provider	14 years	Elevator maintenance	15,520	0.7
4.	Supplier D	Utility provider	16 years	Electricity	13,754	0.6
5.	Supplier E	Labour service provider	Eight years	Labour dispatching	12,500	0.6

For the year ended 31 December 2018

Rank	Supplier	Supplier type	Length of business relationship with us	Services provided by the supplier	Purchase amount *(RMB'000)*	Contribution to cost of services *(%)*
1.	Supplier A	Utility provider	15 years	Electricity	62,190	1.8
2.	Supplier B	Property management service provider	One year	Security and cleaning	30,956	0.9
3.	Supplier F	Property management service provider	Seven years	Cleaning	20,600	0.6
4.	Supplier C	Elevator service provider	14 years	Elevator maintenance	19,718	0.6
5.	Supplier E	Labour service provider	Eight years	Labour dispatching	18,453	0.5

For the year ended 31 December 2017

Rank	Supplier	Supplier type	Length of business relationship with us	Services provided by the supplier	Purchase amount *(RMB'000)*	Contribution to cost of services *(%)*
1.	Supplier A	Utility provider	15 years	Electricity	53,293	2.0
2.	Supplier G	Environmental service provider	Six years	Cleaning	23,890	0.9
3.	Supplier H	Environmental service provider	Four years	Cleaning	18,118	0.7
4.	Supplier C	Elevator service provider	14 years	Elevator maintenance	18,109	0.7
5.	Supplier D	Utility provider	16 years	Electricity	17,841	0.7

For the year ended 31 December 2016

Rank	Supplier	Supplier type	Length of business relationship with us	Services provided by the supplier	Purchase amount *(RMB'000)*	Contribution to cost of services *(%)*
1.	Supplier A	Utility provider	15 years	Electricity	48,422	2.3
2.	Supplier D	Utility provider	16 years	Electricity	26,227	1.2
3.	Supplier G	Environmental service provider	Six years	Cleaning	23,770	1.1
4.	Supplier E	Labour service provider	Eight years	Labour dispatching	14,336	0.7
5.	Supplier I	Elevator service provider	Nine years	Elevator maintenance	13,617	0.6

As at the Latest Practicable Date, we had voluntarily terminated our business relationship with Supplier E due to our adjusted strategy to engage more sub-contractors for relevant services instead of labour dispatching service provider. As at the Latest Practicable Date, save for the aforementioned terminated business relationship with Supplier E, we were not aware of any information or arrangements which would lead to cessation or termination of our relationships with any of our five largest suppliers for the Track Record Period. All of our top five suppliers for the Track Record Period are Independent Third Parties. As at the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the knowledge of our Directors, owns more than 5% of the number of issued shares of the Company, had any interest in any of our five largest suppliers for the Track Record Period.

OUR CUSTOMERS

We have a large, growing and loyal customer base primarily consisting of (i) property owners and residents for our property management and community value-added services, and (ii) property developers for our property management services and value-added services to non-property owners. We generally do not grant a credit term to our customers and we settle payments from customers typically by bank transfers.

Major Customers

Our single largest customer during the Track Record Period was Poly Developments and Holdings Group. During the Track Record Period, we provided value-added services to non-property owners, as well as property management services to Poly Developments and Holdings Group. For further details, see "Connected Transactions" and Note 29 of the Accountants' Report in Appendix I to this prospectus. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, revenue from our single largest customer amounted to RMB562.5 million, RMB559.4 million, RMB678.4 million and RMB437.3 million, respectively, representing 21.9%, 17.3%, 16.0% and 15.5% of our total revenue, respectively. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, revenue from our five largest customers, which were generally property developers or non-residential properties' property owners, in aggregate amounted to RMB588.1 million, RMB601.0 million, RMB739.7 million and RMB485.9 million, respectively, representing 22.9%, 18.6%, 17.5% and 17.2% of our total revenue, respectively. All of our five largest customers for the Track Record Period are Independent Third Parties except for (i) Poly Developments and Holdings Group, (ii) Customer J which is an investee company of Poly Developments and Holdings Group, and (iii) Customer F which was an investee company of Poly Developments and Holdings Group for the years ended 31 December 2016 and 2017, respectively, and subsequently became a subsidiary of Poly Developments and Holdings Group in

2018. We have established on-going business relationships and co-operations with our top five customers for the Track Record Period for more than six years on average. We entered into property management service contracts with some of our five largest customers who were property developers, the typical terms of which were described in "— Property Management Service Contracts".

The following tables set out certain details of our five largest customers for the Track Record Period:

For the six months ended 30 June 2019

Rank	Customer	Customer type	Length of business relationship with us	Services provided by us	Revenue	Percentage of total revenue
					(RMB'000)	*(%)*
1.	Customer A (Poly Developments and Holdings Group)	Property developer	23 years	Property management services, value-added services to non-property owners	437,262	15.5
2.	Customer B	Property owner	12 years	Property management services	19,248	0.7
3.	Customer E	Property owner	One year	Property management services	11,641	0.4
4.	Customer C	Property owner	One year	Property management services	9,212	0.3
5.	Customer D	Property owner	One year	Property management services	8,550	0.3

For the year ended 31 December 2018

Rank	Customer	Customer type	Length of business relationship with us	Services provided by us	Revenue	Percentage of total revenue
					(RMB'000)	*(%)*
1.	Customer A (Poly Developments and Holdings Group)	Property developer	23 years	Property management services, value-added services to non-property owners	678,360	16.0
2.	Customer B	Property owner	12 years	Property management services	23,724	0.6
3.	Customer E	Property owner	One year	Property management services	16,953	0.4
4.	Customer G	Property owner	Two years	Property management services	10,801	0.3
5.	Customer I	Property owner	Six years	Property management services	9,887	0.2

For the year ended 31 December 2017

Rank	Customer	Customer type	Length of business relationship with us	Services provided by us	Revenue *(RMB'000)*	Percentage of total revenue *(%)*
1.	Customer A (Poly Developments and Holdings Group)	Property developer	23 years	Property management services, value-added services to non-property owners	559,441	17.3
2.	Customer B	Property owner	12 years	Property management services	12,351	0.4
3.	Customer H	Property owner	Three years	Property management services	10,443	0.3
4.	Customer F	Property developer	Three years	Property management services, value-added services to non-property owners	9,981	0.3
5.	Customer I	Property owner	Six years	Property management services	8,761	0.3

For the year ended 31 December 2016

Rank	Customer	Customer type	Length of business relationship with us	Services provided by us	Revenue *(RMB'000)*	Percentage of total revenue *(%)*
1.	Customer A (Poly Developments and Holdings Group)	Property developer	23 years	Property management services, value-added services to non-property owners	562,489	21.9
2.	Customer I	Property owner	Six years	Property management services	8,760	0.3
3.	Customer J	Property developer	Eight years	Property management services, value-added services to non-property owners	6,881	0.3
4.	Customer K	Property owner	12 years	Property management services	5,045	0.2
5.	Customer F	Property developer	Three years	Property management services, value-added services to non-property owners	4,922	0.2

As at 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. As at the Latest Practicable Date, save for otherwise disclosed in this prospectus, none of our Directors, their close associates or any Shareholders which, to the best knowledge of our Directors, owns more than 5% of the number of issued shares of the Company, had any interest in any of our five largest customers during the Track Record Period.

Market Development

Our management is responsible for, amongst others, planning and developing our overall market expansion plan, marketing strategies and coordinating our market development activities to acquire new customers for us to maintain and strengthen relationships with existing customers, as well as to explore and develop further business opportunities. Our headquarters manage our overall market development strategies, while our regional subsidiaries and branches oversee the implementation of our market development activities within their respective regions. We have implemented market development systems, business operational guidelines and employee incentive measures to support our market develop efforts in relation to obtaining property management and value-added service engagements, as well as seeking opportunities for acquisition and investment in suitable companies along the value chain of our industry.

We have taken various marketing measures that are tailored to the characteristics of different customers and business partners. Most of our revenue from property management services was derived from properties developed by Poly Developments and Holdings Group during the Track Record Period. We expect properties developed by Poly Developments and Holdings Group continue to be our stable source of revenue in the foreseeable future. We will maintain a long-term cooperative relationship with Poly Developments and Holdings Group. In addition, we will endeavour to expand our cooperation with other property developers, by providing customised, diversified and high-quality services. Leveraging our brand recognition, industry experience and economies of scale, we have been conducting targeted analysis of and communication with other property developers, and have increased our efforts to participate in the project bidding process with increasing property management service projects we obtained. In particular, we have strengthened our market development efforts for non-residential properties by keeping abreast with relevant national policies, analysing the needs of government agency, customers, exploring new and innovative property management services models, and seizing the opportunity under the reform of power decentralisation and government function transition. We provide tailored, flexible and diversified services to local government agencies, public service entities and education institutions and endeavour to expand our market share by tapping into the differentiated needs of a diverse range of customers in areas covering scientific research institutions, industrial parks, public services facilities and towns. Moreover, we develop market through acquisition of or cooperation with enterprises with resources of property management services projects such as property management services enterprise as well as relevant upstream and downstream enterprises. Such targeted acquisition and cooperation will help promote our market position, enhance our industry reputation in both segment areas and regional property management service market and strengthen our advantages in competition. In addition, we provide customised products and services, tailored to the specific localities, age group, consumer pattern and life style needs of local property owners and residents which also enabled us to understand customers' different habits, needs and preferences. We implement different market development measures according to the different quality requirements of property owners and residents by utilising resources from the value chain of our industry, to obtain recognition from our customers.

COMPETITION

The property management industry in the PRC is highly competitive and fragmented with numerous market participants. As a reputable player with a large and extensive property management portfolio, our property management services primarily compete against large national and regional property management companies in the PRC. Our value-added services compete against other property management companies as well as relevant industry participants providing similar services. For instance, our community value-added services to property owners and residents may compete with vendors and e-commerce business that provide similar products and services. In 2019, we were ranked fourth by China Index Academy among the Top 100 Property Management Companies in China in terms of overall strength. We believe that the principal competitive factors include, among others, operation scale, price and quality of services, brand recognition and financial resources. For more details about the industry and markets that we operate in, see "Industry Overview".

QUALITY CONTROL

We regard service quality as the cornerstone of our operation and development, and we believe that quality control is critical to the sustainable growth of our business. We have established a comprehensive quality control system and a dedicated quality control team, who primarily focuses on, among other things, implementing three levels of quality control, complying with standardised service procedures, participating in supplier selection and monitoring the service quality of ourselves and suppliers. We aim to strive to maintain service quality and meet customers' needs in personal development, family life, physical and mental health and community culture.

Quality Control of Property Management Services

We have obtained ISO9001:2000 Quality Management System Certification in 2002 and successfully renewed in 2017 according to ISO9001:2015. In addition to service quality, we also attach importance to protection of environment, employees' health and safety, information security and assets maintenance and appreciation. We integrate ISO14001:2015 Environment Management System, OHSAS18001:2007 Occupational Health and Safety Management System, ISO/IEC27001:2013 Information Security Management System, ISO55001:2014 Assets Management System and ISO9001:2015 Quality Management System to set up a comprehensive "Five Standards Integration" quality management system, providing quality control guidance for our daily services, guaranteeing customer information security and assets maintenance and appreciation, while minimising our operational costs and disruption to the operation resulting from the instability of service quality.

We value and seek to realise dynamic quality control management covering all aspects of our business operations throughout the provision of our services by all of our staff at different levels. We have set up a quality control system conducted on three levels: property management projects, subsidiaries and branch offices and the headquarters, with strict plans to guarantee the quality control execution from each level. Through the automatic inspection function equipped with ERP system, our employees act as quality administrators, carry out inspections online and quickly coordinate resources through ERP system to solve quality problems efficiently. From the perspective of property management project, managers of our projects can have access to real-time status data of equipment and facilities in ERP system and thus adjust and rectify service deviations timely if any warning information is displayed. They can also inspect and evaluate the quality of the property management services online at any time to improve our services conveniently and timely. At subsidiaries and branch offices level, they are required to utilise ERP system to check every aspect of projects they are responsible for on a monthly basis under the unified standards and evaluate the service quality of each project. Meanwhile, our headquarters can monitor the service status of all projects in real time through ERP system, process warning information of all levels, analyse abnormal data and accordingly guide and urge relevant staff to carry out appropriate actions under our service standards. We also conduct necessary on-site inspections based on the situation reflected by the system and then urge subsidiaries and branch offices to strictly implement compliance requirements to ensure the reliability of our services. We evaluate the performance of property management services by combing both internal and customers' evaluations. Internal evaluations are processed by the inspection function of our ERP system. Each project is self-inspected regularly and the inspection results are used to evaluate the performance of relevant staff. Our subsidiaries and branch offices are required to regularly inspect projects they are responsible for. Moreover, the headquarters also evaluates the performance of subsidiaries and branch offices through the information reflected by ERP system, including but not limited to service data, customer complaints, "mystery customer" surveys and quality analysis. Performance evaluations from the two perspectives further ensure that the services provided by us could meet the needs of residents and property owners.

Quality Control of Sub-contractors

With respect to quality control on sub-contractors, 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 may also conduct 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 to terminate the agreements depending on the outcomes of our evaluation. If the sub-contractors do not meet our standards or our customers' satisfaction, or fail annual performance review conducted by us, they will be excluded from our selected list of qualified sub-contractors.

Due to the nature of our business, we receive customer suggestions, appraises and complaints from time to time during the ordinary course of our business. We record, analyse and evaluate such customer feedback by creating logs on our internal systems and each level of our management tracks the progress in addressing the underlying customer concerns and problems. During the Track Record Period and up to the Latest Practicable Date, we did not receive any complaints that may have a material adverse impact on our operations or business reputation from our customers.

EMPLOYEES

We endeavour to hire high-quality employees in the market by offering competitive wages and benefits, systematic training opportunities and internal upward mobility. We have established a series of policies and measures to acquire talents suitable for our development.

As at 30 June 2019, we had a total of 35,190 employees with whom we had entered into labour contracts. The following table sets out the breakdown of our employees by function as at 30 June 2019:

Function	**Number of employees**
On-site staff[(1)]	33,217
Management personnel	199
Administration, human resources and finance personnel	361
Operations and value-added services management personnel	855
Market development personnel	97
Other personnel	461
Total	35,190

Note:

(1) On-site staff refers to our staff directly providing our services at subsidiaries and branch offices' level and the staff cost of which were recognised as staff cost under our cost of services on our consolidated financial statements for the Track Record Period.

We recruit high-quality talents from multiple channels and we provide our employees with on-going training and career development opportunities. We enter into individual employment contracts with our full-time employees. All of our employees are paid a fixed salary and may be granted other allowances, based on their positions. In addition, merit pay may also be awarded to our employees based on their performance reviews.

We have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, our employees did not negotiate their terms of employment through any labour union or by way of collective bargaining agreements nor did we experience any material labour disputes or shortages that may have a material adverse effect on our business, financial position and results of operations.

We regularly host comprehensive internal staff training programmes for our staff to improve and enhance their technical and service skills, as well as to provide them with the knowledge of industry quality standards and work place safety standards. We provide orientation training to new hires, introducing them to our corporate culture, procuring them to adapt to teamwork and showing them videos to visually demonstrate our service standards and procedures. We also assign our experienced managers to serve as mentors to newly hired employees to provide tailored coaching and guidance. We provide training courses and regular seminars on various aspects of our business operations, such as quality control and customer relationship management, to our employees.

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 — Laws and Regulations relating to Labour 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) newly enrolled employees not yet started contribution, (ii) rural household employees who have already made contributions under their rural accounts, and (iii) employees who have made relevant contributions from their previous employment. As our Directors considered the total amount of such contributions as at 30 June 2019 was immaterial, we did not make provision thereto during the Track Record Period and up to the Latest Practicable Date.

As advised by our PRC Legal Advisers, 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 Advisers 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. During the Track Record Period and up to the Latest Practicable Date, we had not received any order or notice from the regulatory authorities requesting contributions to any social insurance or housing provident fund.

As at the Latest Practicable Date, a vast majority of our relevant PRC subsidiaries and branch offices had obtained written confirmation from the competent local authorities of social insurance and housing provident funds which acknowledged that we complied with the applicable PRC laws and regulations in relation to social insurance or housing provident funds contributions in all material respects during the Track Record Period, and/or that we would not be subject to penalties, fines and/or orders to enforce such outstanding payments for social insurance and housing provident fund contributions for relevant employees unless they receive verified complaint from relevant employees for any such insufficient contributions by us or they find us in material infringement of relevant laws based on inspection performed. Moreover, our Controlling Shareholder, Poly Developments and Holdings, has agreed to provide full indemnities in respect of any costs, expenses, penalties and damages due to our failure to register for and/or contribute to social insurance and housing provident funds on behalf of our employees, to which we may be subject and payable, from the commencement of the Track Record Period to the date when the Global Offering becomes unconditional (both days inclusive). In view of the above, our PRC Legal Advisers are of the view that our aforementioned 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 or financial performance. 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 and housing provident funds on behalf of some of our employees".

INTELLECTUAL PROPERTY RIGHTS

Our intellectual property is a key component to our strong brand recognition, and is an integral part of our business. As at 30 June 2019, we had registered three trademarks, three patents and 26 software copyrights in the PRC. We had registered four trademarks in Hong Kong as at the Latest Practicable Date. During the Track Record Period, we had been licenced by Poly Developments and Holdings to use three of its trademarks for our operation pursuant to which we were entitled to use such trademarks for the valid period stipulated in the relevant trademark licence agreements. For further details, see "Connected Transactions — (A) Continuing Connected Transactions fully exempt from the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements — Trademark Licencing Agreements".

As at the Latest Practicable Date, we were not aware of any material infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us. For further details of our intellectual property rights, see "Risk Factors — Our failure to protect our intellectual property rights could have a negative impact on our business and competitive position", "Risk Factors — Third parties may assert or claim that we have infringed their intellectual property rights, which may disrupt and affect our business", "Appendix VI — Statutory and General Information — 2. Further Information about our Business — (B) Our intellectual property rights".

AWARDS AND RECOGNITIONS

Over the years, we have received various awards from various entities in the PRC in recognition of, among other things, our overall strength and reputation, business scale, service quality and customer satisfaction in the PRC property management industry. The following table sets out our major industry and business awards and recognitions during the Track Record Period and up to the Latest Practicable Date:

Year	Honour/Award	Awarding Entity
2016, 2017, 2018, 2019	Top 100 Property Management Companies in China in terms of overall strength (Within top 5) 中國物業服務百強企業綜合實力	China Index Academy 中國指數研究院
2016, 2017, 2018, 2019	Top 100 Property Management Companies in China in terms of property management scale (Within top 5) 中國物業服務百強企業服務規模	China Index Academy 中國指數研究院
2019	Leading enterprise for property management of public facilities for 2019 2019年度公眾場館物業服務領先企業	China Property Management Institute 中國物業管理協會

Year	Honour/Award	Awarding Entity
2019	Leading enterprise for property management of office buildings for 2019 2019年度辦公寫字樓物業服務領先企業	China Property Management Institute 中國物業管理協會
2018	Top 100 Property Management Companies in China in terms of Brand Value (Ranking top 5) 中國物業管理公司品牌價值百強榜TOP 5	China Real Estate Business 中國房地產報
2016, 2017, 2018, 2019	Leading Top 100 Property Management Companies in China in terms of Satisfaction Rate 中國物業百強滿意度領先企業	China Index Academy 中國指數研究院
2016, 2017, 2018, 2019	China Leading Property Management Companies in terms of Social Responsibility 中國物業服務社會責任感企業	China Index Academy 中國指數研究院
2019	Property Management Innovation Pioneer of Guangdong-Hong Kong-Macao Greater Bay Area 粵港澳大灣區物業服務創新先鋒	CRIC of E-House (China) Enterprise Holding Limited 易居企業集團克爾瑞
2016, 2017, 2018, 2019	China Leading Property Management Companies in terms of Characteristic Service 中國特色物業服務領先企業	China Index Academy 中國指數研究院
2016, 2017, 2018, 2019	Real Estate Services Company worth focusing by Capital Market 值得資本市場關注的房地產服務商	China Index Academy 中國指數研究院
2018, 2019	China TOP 10 Property Management Companies in terms of Business Performance 中國物業服務百強企業經營績效TOP 10	China Index Academy 中國指數研究院
2018	China Urban Public Services Innovation Operation Award 中國城市公共服務創新運營大獎	Leju Innovation Summit 樂居創新峰會
2018	Operator of the Value of Humanities Community 人文社區價值運營商	Leju Innovation Summit 樂居創新峰會
2019	Demonstration Enterprise of Urban Services of Guangdong-Hong Kong-Macao Greater Bay Area 粵港澳大灣區城市服務標杆企業	China Real Estate Business 中國房地產報
2018	Sample Property Management Company during the 40 Years of Reforming and Opening 改革開放40年物業樣本企業	China Property Management Institute 中國物業管理協會
2018	Demonstration Base of China Property Management Industry for several projects 中國物業服務行業示範基地	China Index Academy 中國指數研究院

Year	Honour/Award	Awarding Entity
2018	Outstanding Project of Higher Educational Institution Property Services 高校物業管理優秀標杆項目	China Association for Campus Management 中國教育後勤協會
2016, 2017, 2019	China Blue Chip Property Management Companies 中國藍籌物業企業	The Economic Observer 經濟觀察報
2017, 2018	Specialised Operational Leading Brand of China Property Service Companies 中國物業服務專業化運營領先品牌企業	China Index Academy 中國指數研究院
2016	Top 100 China Campus Property Management Companies 全國校園物業服務百強單位	China Association for Campus Management 中國教育後勤協會

INSURANCE

We maintain certain insurance coverage primarily including public liability insurance to cover liabilities for damages suffered by third parties arising out of our business operations, personal accident insurance for some of our employees, certain property insurance and vehicle insurance. We require our sub-contractors to purchase accident insurance for their employees who provide services to our Group, and in accordance with our agreements with sub-contractors, the sub-contractors are responsible for all workplace injuries to their employees, except for the injuries directly attributable to us. We believe our insurance coverage is in line with industry practice for similar property management 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. For more details, see "Risk Factors — Risks relating to our Business and Industry — Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter".

SOCIAL HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are subject to PRC laws and regulations in relation to labour, safety and environment protection matters. In addition, we have established occupational safety and sanitation systems, implemented the ISO14001:2015 and OHSAS18001:2007 standards certified by the China Quality Certification Centre, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. We also conduct test on waste water, waste gas or noise in our work places to ensure compliance with applicable environmental protection and employee work safety requirement.

As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws in relation to workplace safety in all material respects and have not had any incidents which have materially and adversely affected our operations.

We consider the protection of the environment to be important and have implemented measures in the operation of our businesses to ensure our compliance with all applicable requirements. Given the nature of our operations, we do not believe we are subject to material environmental liability risk or compliance costs.

During the Track Record Period and up to the Latest Practicable Date, no fines or penalties for non-compliance of PRC environmental laws had been imposed on us. Our PRC Legal Advisers are of the view that we are not subject to any material administrative penalties due to any violation of environmental laws in the PRC.

PROPERTIES

As at the Latest Practicable Date, we owned 72 properties, including 66 carpark spaces, three clubhouses and three residential properties, in various locations in the PRC with an aggregated GFA of approximately 3,944.25 sq.m., which we held for self-use or as investment properties (in the case of carpark spaces). As at the Latest Practicable Date, we had obtained the building title certificates for all the properties we own.

As at the Latest Practicable Date, we leased 172 properties which we entered into prior to 30 June 2019 (each with a GFA of over 80 sq.m.) with a total GFA of more than 33,540 sq.m. primarily for staff dormitories and offices in the PRC. None of these properties is individually material to our operations.

As at the Latest Practicable Date, the lessors of 66 of the aforementioned leased properties in the PRC had not obtained or provided us with the relevant building title certificates. As advised by our PRC Legal Advisers, we are unable to ascertain whether the lessors have the legal right or requisite authority to lease such properties to us, whether such properties are subject to mortgages or third-party rights, or whether such leases are subject to challenge by third parties. Our Directors are of the views that, as the leased properties without building title certificates are mainly used for our offices and staff dormitories, and replacement premises are readily available, such defects will not have a material adverse effect on our business or financial condition taken as a whole.

As at the Latest Practicable Date, we had not filed the lease agreements for 136 of our aforementioned leased properties with the local housing administration authorities as required under PRC law. Our PRC Legal Advisers have advised us that we might be ordered to rectify this non-filing by competent authorities and if we fail to rectify within a prescribed period, an administrative penalty may be imposed on us as a result of such non-filing. As at the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties as a result of our failure to file the lease agreements described above. Our PRC Legal Advisers have also advised us that the failure to file the lease agreements would not affect the validity of the lease agreements nor would such non-filing have a material adverse effect on our business operations or constitute a material legal obstacle for the Listing.

For further details, see "Risk Factors — Risks relating to our Business and Industry — Some landlords may not have provided to us relevant title certificates with respect to some of our leased properties in the PRC and some of our lease agreements were not registered with the relevant government authorities".

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all of our Group's interests in land or buildings, for the reason that, as at 30 June 2019, none of the properties interests has a carrying amount of 15% or more of our total assets. Pursuant to Chapter 5 of the Listing Rules, this prospectus is not required to include valuations of our properties.

INTERNAL CONTROL AND RISK MANAGEMENT

In preparation for the Listing, we had engaged an independent internal control adviser in 2018 to perform an internal control review (the "IC Review") of our internal control system based on agreed scope. During the course of the IC Review, the internal control adviser provided its findings and recommendations. We have accordingly taken the enhanced internal control measures to make improvements. The internal control adviser performed a follow-up review on the enhanced internal control system and no further deficiency was identified. After considering the implementation of the enhancement measures and the result of such follow-up review, our Directors are satisfied that our internal control system is adequate and effective for our current operational environment.

We have implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. Details on risk categories identified by our management, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. For details of the major risks identified by our management, see "Risk Factors — Risks Relating to Our Business and Industry". In addition, we face various financial risks, including credit and liquidity risks that arise during our ordinary course of business. See "Financial Information — Quantitative and Qualitative Disclosures about Market Risks" for a discussion of these financial risks.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted or will adopt, among other things, the following risk management and internal control measures:

- the establishment of an audit committee responsible for overseeing our financial records, internal control procedures and risk management systems. See "Directors, Supervisors and Senior Management — Board Committees — Audit Committee" for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee;

- the appointment of Ms. Yang Yang as our chief financial officer and joint company secretary and Mr. Lau Kwok Yin as our other joint company secretary to ensure the compliance of our operation with relevant laws and regulations. For their biographical details, see "Directors, Supervisors and Senior Management";

- the appointment of GF Capital (Hong Kong) Limited as our compliance advisor upon the Listing to advise us on compliance with the Listing Rules; and

- the engagement of external legal advisers to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary.

LEGAL PROCEEDINGS AND COMPLIANCE

As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had obtained all material approvals, permits, licences and certificates for our operations as at 30 June 2019 from the relevant government authorities, all of which are valid and in force, and we had been in compliance in all material respects with the applicable PRC laws and regulations.

As advised by our PRC Legal Advisers, we had not been subject to significant 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.

From time to time we may be involved in legal proceedings or disputes in the ordinary course of business, such as contract disputes with our customers and suppliers.

As at 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 financial position or results of operations.

OVERVIEW

Our Company was established in the PRC on 26 June 1996. Given that (i) China Poly Group wholly owns Poly Southern; (ii) Poly Southern is the single largest shareholder and the controlling shareholder of Poly Developments and Holdings; and (iii) Poly Developments and Holdings, directly and indirectly through Xizang Yingyue, holds 71.25% and 3.75% of our equity interest respectively immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), China Poly Group, Poly Southern and Poly Developments and Holdings are a group of Controlling Shareholders.

Following completion of the Global Offering, we will operate independently from our Controlling Shareholders (who are our Controlling Shareholders under the Listing Rules) and their close associates, details of which are set out below.

The Listing constitutes a spin-off from Poly Developments and Holdings. Pursuant to the Spin-off Circular, offshore listing of the subsidiaries controlled by domestic listed companies are required to comply with the conditions set out in the Spin-off Circular. As of the Latest Practicable Date, all of the above conditions had been satisfied. The CSRC has given us its approval for the listing of our H Shares on the Hong Kong Stock Exchange and the Global Offering on 10 September 2019. As advised by the PRC Legal Advisers, our Company has obtained all necessary approvals and authorisations in relation to the Global Offering and the Listing.

China Poly Group

China Poly Group, a large-scale central state-owned enterprise which is directly under the administration of the State-owned Assets Supervision and Administration Commission of the State Council, is our ultimate Controlling Shareholder and principally engaged in international trade, real estate development, light industry research and development and engineering services, arts and crafts raw materials & products management services, culture and arts business, civilian explosive materials and blasting service and finance services. As of 30 June 2019, China Poly Group directly held 2.81% of the equity interests in Poly Developments and Holdings, and indirectly held 37.93% of the equity interests in Poly Developments and Holdings through Poly Southern, its wholly-owned subsidiary.

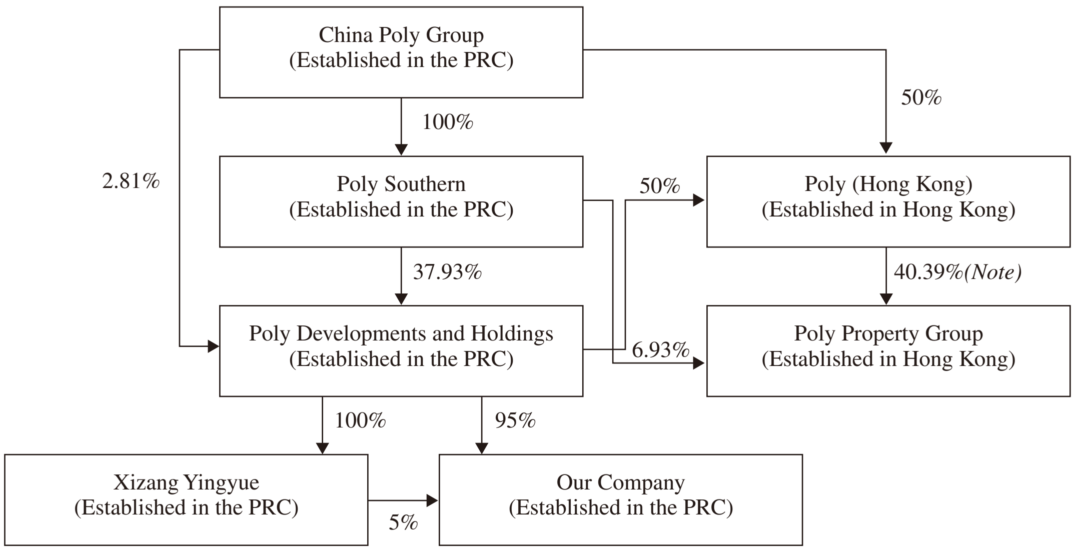
Poly Developments and Holdings

Poly Developments and Holdings whose shares are listed on the Mainboard of Shanghai Stock Exchange (stock code: 600048) is a company established under the laws of the PRC. Its ultimate Controlling Shareholder is China Poly Group. Poly Developments and Holdings focuses on the business of real estate development and operation, and builds an ecological development platform of real estate, which is driven by the real estate investment and development business as its core, with integrated services and real estate finance business as two wings. As of the Latest Practicable Date, Poly Developments and Holdings directly and indirectly through Xizang Yingyue, held 95% and 5% of our equity interest respectively.

Poly Property Group Co., Ltd.

Poly Property Group Co., Ltd., our fellow subsidiary, a company incorporated under the laws of Hong Kong and whose shares are listed on the Hong Kong Stock Exchange (stock code: 00119) ("**Poly Property Group**"), is principally engaged in property development, investment and management. As of 30 June 2019, Poly Property Group was held as to 40.39% in total by Poly (Hong Kong) (which was directly held as to 50% and 50% by China Poly Group and Poly Developments and Holdings, respectively) and 6.93% by China Poly Group (through Poly Southern).

As of 30 June 2019, the corporate structure regarding the relationship between our Company, China Poly Group, Poly Developments and Holdings and Poly Property Group is set out below:



Note: *Poly (Hong Kong) directly and indirectly through its wholly-owned subsidiary holds a total shareholding of 40.39% in Poly Property Group.*

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES

Having considered the following factors, our Directors are of the view that our Group is capable of carrying on our business independently from our Controlling Shareholders and their respective close associates following the completion of the Global Offering.

Business and operational independence

Independent business operations

Our business operations are delineated from and independent of those of our Controlling Shareholders and their respective close associates. Save for certain continuing connected transactions conducted in the ordinary course of business of our Group as set out in the section headed "Connected Transactions" in this prospectus, our Directors do not expect that there will be any other continuing connected transactions between our Group and our Controlling Shareholders or their respective close associates upon or shortly after completion of the Global Offering. The continuing connected transactions will be conducted on normal commercial terms in accordance with the pricing policy of our Group, our Controlling Shareholders and their respective close associates, and are not prejudicial to the interests of any of the parties.

Given that (i) Poly Developments and Holdings is one of our Controlling Shareholders, we have a close relationship with Poly Developments and Holdings; (ii) we are a state-owned enterprise under the administration of the State-owned Assets Supervision and Administration Commission of the State Council; and the controlling ownership of state-owned enterprise is relatively stable; (iii) we have established a long business relationship with Poly Developments and Holdings since 1996, gained an in-depth understanding of their needs and have provided property management services to approximately 97% of the total number of the properties developed and held as to more than 50% of the equity interest by Poly Developments and Holdings Group as at 30 June 2019, and hence, we have a priority position in satisfying their business demand and thereby establishing a win-win cooperation relationship and mutual reliance between our Group and Poly Developments and Holdings; and (iv) Poly Developments and Holdings has entered into Poly Developments and Holdings Non-competition Undertaking and undertakes not to engage in the Restricted Business in accordance with the terms and conditions of the undertaking; and hence, we expect to maintain our current business relationship with Poly Developments and Holdings in the future, our Directors are of the view that the likelihood that our relationship with Poly Developments and Holdings will be materially and adversely changed or terminated is low.

Majority of customers are third-party property owners

The vast majority of our customers are third-party property owners. As at 30 June 2019, according to public information announced by Poly Development and Holdings, the GFA of property projects under construction by Poly Developments and Holdings was approximately 110.7 million sq.m.. Although almost 43.1% of the total GFA under management covered by the property management services provided by our Group as at 30 June 2019 were properties developed, solely or jointly with other parties, by Poly Developments and Holdings Group (including its joint ventures and associates) (the "**Internal Projects**"), the vast majority of our customers are property owners other than our Controlling Shareholders and their close associates. From 1 July 2019 to 31 October 2019, the Company has entered into 95 new property management contracts with independent third parties with a total contracted GFA of approximately 16.3 million sq. m.. As of 31 October 2019, the Company has managed 60 new property projects from other sources (who are independent third parties) as compared to that as of 30 June 2019 with new GFA under management of approximately 4.2 million sq.m. and relevant additional revenue of approximately RMB36.6 million. The following chart shows the percentage of (i) our total revenue; and (ii) our revenue generated from property management services derived from transactions (a) which constitutes continuing connected transactions of our Group under the Listing Rules upon Listing ("**Continuing Connected Transactions**"); and (b) those not constitutes continuing connected transactions of our Group under the Listing Rules ("**Non-Connected Transactions**"), during the Track Record Period. For details of our continuing connected transactions, please refer to the section headed "Connected Transactions" in this prospectus.

	Year ended 31 December						**Six months ended 30 June**	
	2016		**2017**		**2018**		**2019**	
	RMB million	*%*	*RMB million*	*%*	*RMB million*	*%*	*RMB million*	*%*
Source of revenue generated from property management services								
Continuing Connected Transactions	239.9	12.6	180.3	7.5	145.1	5.0	77.4	4.2
Non-Connected Transactions	1,666.4	87.4	2,238.9	92.5	2,764.4	95.0	1,745.6	95.8
Total	1,906.3	100	2,419.2	100	2,909.5	100	1,823.0	100

	Year ended 31 December						Six months ended 30 June	
	2016		2017		2018		2019	
	RMB million	*%*	*RMB million*	*%*	*RMB million*	*%*	*RMB million*	*%*
Source of total revenue								
Continuing Connected Transactions	607.1	23.7	624.8	19.3	773.9	18.3	492.1	17.4
Non-Connected Transactions	1,957.1	76.3	2,615.5	80.7	3,455.5	81.7	2,329.9	82.6
Total	2,564.2	100	3,240.3	100	4,229.4	100	2,822.0	100

In addition to maintaining our current cooperation with the Poly Developments and Holdings Group, we endeavor to enhance our market development capabilities.

We have strengthened our market development efforts for non-residential by keeping abreast with relevant national policies, analysing the needs of government agency, customers, exploring new and innovative property management services models, and seizing the opportunity under the reform of power decentralisation and government function transition. As mentioned in the subsection headed “Business — Competitive Strengths — Outstanding Market Development Capabilities and Reputable Brand with State-owned Background for Continually Building the New Service System for Property Management” in this prospectus, as at 30 June 2019, we provided property management services to a total of 210 public and other properties.

We take various measures that are tailored to the characteristics of different customers and business partners to further our cooperation with other property developers. We participate more in the bidding of external property management projects to continue diversifying our portfolio. We have won the tender and bidding process for 63, 106, 118 and 55 projects from other sources for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019. There was a substantial increase in contribution of other sources of projects to our total contracted GFA during the Track Record Period, which amounted to 9.9%, 19.7%, 50.6% and 59.2% as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively.

Moreover, as mentioned in the subsection headed “Future Plans and Use of Proceeds — Use of Proceeds” in this prospectus, we intend to develop market through acquisition of or cooperation with enterprises with resources of property management services projects such as property management services enterprise as well as relevant upstream and downstream enterprises. Following such acquisition or cooperation, our portfolio will be diversified. For more details of our measures for market development and in turn reduce our reliance on Poly Developments and Holdings, please refer to the section headed “Business — Our Customers — Market Development” in this prospectus. Taking into account of the above, our Directors believe that our reliance on Poly Developments and Holdings will be reduced and hence, the percentage of revenue contribution generated from them will in turn decrease.

Standard tender process directed by the PRC government

Although almost 43.1% of the total GFA under management covered by the property management services provided by our Group as at 30 June 2019 were properties developed by Poly Developments and Holdings Group (including its joint ventures and associates) ("**Internal Projects**"), our Group has, according to the industry practice, obtained most of the initial property management service business through the standard tender process under the regulation of the applicable PRC laws and regulations. Under the Temporary Regulations on Tendering and Bidding of Initial Property Management, a bid evaluation committee shall be formed to consider and make tender decision. The committee shall consist of no less than five members, one of whom is the property developer's representative, and the number of the independent experts in property management shall not be less than two-thirds of the total number of members of the committee. Based on the information provided by China Poly Group, Poly Developments and Holdings and Poly Property Group and after reasonable enquiries made by our Directors, China Poly Group, Poly Developments and Holdings and Poly Property Group have obtained their property management projects on a fair and open basis through competitive bidding process and in compliance with the applicable PRC laws and regulations.

The fact that a substantial amount of GFA under management covered by the property management services provided by our Group are property development projects developed by our Controlling Shareholders and their respective close associates should not be regarded as over reliance of our Group on our Controlling Shareholders and their respective close associates. On the contrary, it reflects our experience and ability enabling us to win the tender as the initial property management service provider under a tender process directed by the PRC government.

Property owners' choice

At the post-delivery stage of the property development projects where the property units have been wholly or partially sold and fit for occupation by individual owners, the owners' associations or the owners of such property units have the right to select (or replace) the property management service provider. Our Controlling Shareholders and their respective close associates does not have any influence over the selection (or replacement) of the property management service provider by individual owners. As the majority of these property owners (i.e. our customers) are parties other than our Controlling Shareholders and their respective close associates, there is no over reliance by our Group on our Controlling Shareholders and their respective close associates for generation of revenue at the post-delivery stage.

Licences required for operations

We hold all the relevant licences and permits that are material to our business operations, and enjoy the benefits brought by them.

Operational facilities

As of the Latest Practicable Date and save as disclosed in the section headed "Connected Transactions" in this prospectus, all necessary properties and facilities required for our business operations are independent of our Controlling Shareholders and their respective close associates.

Employees

As of the Latest Practicable Date, all of our full-time employees were recruited primarily through independent recruitment methods, such as recruitment websites, campus recruitment programmes, newspaper advertisements and recruitment agencies; and internal referrals.

Financial independence

Our Group will be able to maintain financial independence from our Controlling Shareholders and their respective close associates for the reasons set out below:

No financial reliance on our Controlling Shareholders and their respective close associates

As of the Latest Practicable Date, there has been no borrowings owed by us to our Controlling Shareholders, nor has there been any share pledge or guarantee provided by our Controlling Shareholders or their respective close associates for our borrowings. In addition, we have in place independent internal control, accounting and finance departments, independent treasury function for cash collection and payment, and independent funding channels.

Independent financial system

We have our own financial and accounting system, which is independent from that of our Controlling Shareholders and their respective close associates. Accounting functions and financial decision making will be carried out by our Group independently and according to our own business needs and financial conditions. Based on the above, we will be able to finance our own operations and function independently without reliance on our Controlling Shareholders and their respective close associates.

Management independence

Board composition

The Board comprises seven Directors with two executive Directors, two non-executive Directors and three independent non-executive Directors.

As at the Latest Practicable Date, our non-executive Director, Mr. Huang Hai, is also the secretary of the board of Poly Developments and Holdings, and our non-executive Director, Mr. Hu Zaixin, is the deputy secretary of the committee of Communist Party of China (黨委副書記) of Poly Developments and Holdings. Each of Mr. Huang Hai and Mr. Hu Zaixin is also a director of Poly Commercial Real Estate Investment & Management Co., Ltd. (保利商業地產投資管理有限公司), as well as a director, chairman of the board of directors and/or general manager of certain subsidiaries of Poly Developments and Holdings, none of which principally engages in property management business. In addition, Mr. Li Jiahe, being our executive Director, holds positions as a legal representative and a director delegated by us in a company under Poly Developments and Holdings engaging in software development in which our Group is interested. Further, Ms. Wu Lanyu, being our executive Director, holds positions as a legal representative and/or a director in certain subsidiaries of China Poly Group engaging in the educational and cultural business, among which our Company is a shareholder of one of these subsidiaries and Ms. Wu is delegated by us to act as its director. None of the above Directors is engaged in the daily management and operation of the above companies and they will remain in their existing roles after the Listing. Save as the above, there is no Director who holds other directorship or senior management positions in our Controlling Shareholders or their respective close associates.

Roles of the Board members

Our executive Directors and general manager, who will report to the Board, will have dedicated responsibilities in our Group and will be responsible for overseeing the day-to-day operation and management of our Group. It is expected that our non-executive Directors will take up a strategic role in formulating our development plans and in particular, the development of possible further synergies between our Group and our Controlling Shareholder and their respective close associates.

Abstention from voting

As explained above, although some of our Board members hold positions in certain subsidiaries of China Poly Group and Poly Developments and Holdings, save for Mr. Huang Hai and Mr. Hu Zaixin who hold positions directly in Poly Developments and Holdings, (i) none of our Directors hold any positions directly in China Poly Group and/or Poly Developments and Holdings; (ii) none of our Directors hold positions in both China Poly Group (and their close associates) and Poly Developments and Holdings; and (iii) each of Mr. Li Jiahe and Ms. Wu Lanyu is delegated by our Company to act as a director in certain subsidiaries of China Poly Group and/or Poly Developments and Holdings in which our Group also holds a minority interest and the principal businesses of these subsidiaries are entirely different from that of our Group. In addition, one of our independent non-executive Directors, namely, Mr. Wang Peng, has extensive experience in property management industry. He successively served as a director of publicity department, deputy secretary general, secretary general and vice president at China Property Management Association since July 2003. For details of his industry experience and profile, please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus. Besides, as part of our Company's corporate governance measures, our Directors, including the independent non-executive Directors, will be entitled to seek independent professional advice from external parties in appropriate circumstances at the Company's expenses. In the circumstances and pursuant to the above-mentioned, our Directors believe that (i) the chance that all of our executive Directors and non-executive Directors have to abstain from voting on a resolution is low; and hence, we have sufficient number of Directors to determine and vote on matters which may involve conflicts of interest between our Company and our Controlling Shareholders; and therefore, (ii) we will be able to function properly and with sufficient level of independence.

In the event of any actual or potential conflict of interest between our Controlling Shareholders (or their respective close associates) and our Group, our Director will (i) report such conflict of interest to our independent non-executive Directors as soon as practicable upon becoming aware of it; (ii) convene a Board meeting to review and evaluate the implications and risk exposure of such conflict; and (iii) monitor any material irregular business activities. Our Director(s) holding directorship and/or senior management position(s) in the relevant company (excluding our Group) which has material interests in the relevant resolution, will abstain from voting on the relevant Board resolution, and other Directors will vote and decide on the relevant matter. In addition, in case where our Directors also hold positions in China Poly Group, Poly Developments and Holdings and/or Poly Property Group, our nomination committee will from time to time review their independence in terms of performing duties as our Directors to ensure effective management of potential conflict of interest. Given the arrangements mentioned above, our Directors believe that each of our Controlling Shareholders, their respective close associates and our Group is managed and operates independently of each other and this accords with the interests of their respective shareholders as a whole. Based on the above, our Directors are of the view, and the Joint Sponsors concur, that potential conflict of interest between the Group and China Poly Group, Poly Developments and Holdings as well as Poly Property Group can be effectively managed.

DELINEATION OF OUR BUSINESS FROM OUR CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES

Each of our Controlling Shareholders and their respective close associates is engaged in separate and distinct business area which does not overlap with our Group's business, save for certain business as explained below:

China Poly Group

As of the Latest Practicable Date, four subsidiaries of China Poly Group (excluding our Group, Poly Developments and Holdings Group and Poly Property Group and its subsidiaries), namely (i) Zunyi

Jiulian Property Service Co., Ltd. (遵義久聯物業服務有限公司); (ii) Harbin Poly Technologies Plaza Co., Ltd. (哈爾濱保利科技大廈有限公司); (iii) Zhongyi Huafeng Property Management Co., Ltd. (中藝華豐物業管理有限公司); and (iv) Beijing Gerui Property Management Co., Ltd. (北京格瑞物業管理有限公司), engaged in property management business operations.

The location and type of the properties managed under the above four subsidiaries of China Poly Group as at 30 June 2019 are set out below:

Excluded Businesses	Location of the properties under management	Types of the properties under management
China Poly Group	Beijing city, the PRC	Office building, commercial property and residential property
	Guiyang city and Zunyi city of Guizhou province, the PRC	Residential property
	Haerbin city of Heilongjiang province, the PRC	Office building

Based on the information provided by China Poly Group and after reasonable enquiries made by our Directors, the financial and operating data of the above four subsidiaries of China Poly Group recorded during the Track Record Period is set out below:

	For the year ended 31 December			For the six months ended 30 June
	2016	**2017**	**2018**	**2019**
Revenue *(Note)* (RMB million)	29.3	32.5	34.7	17.7
GFA under management ('000 sq.m.)	468.9	336.9	336.9	336.9
Number of property management projects	9	8	8	8

Note: including property management services revenue.

Based on information provided by China Poly Group and after reasonable enquiries made by our Directors, during the Track Record Period, (i) the property management projects operated by the four subsidiaries of China Poly Group comprised (a) their self-owned and/or self-used office buildings and residential properties; and (b) isolated property projects developed and/or held by their controlling shareholders, and hence they provided property management services for the properties developed and/or held by China Poly Group or its close associates only; (ii) according to the comparison made between the unaudited total revenue and GFA under management of the above four companies and our total revenue and GFA under management, our business scale far exceeds those of the four subsidiaries of China Poly Group; and (iii) there was no overlapping in the directors, supervisors and senior management who are responsible for the management and operation of the four subsidiaries of China Poly Group with that of our Group, and hence their property management business has been managed and operated independently with us.

Having considered the above factors, our Directors believed that the property management business of China Poly Group is clearly delineated from that of our Group and was therefore excluded from our Group.

To ensure a clear delineation of the Restricted Business (as defined below) and the business of China Poly Group, China Poly Group has entered into the following non-competition undertaking ("**China Poly Group Non-competition Undertaking**") in favour of our Group. As advised by our PRC Legal Advisers, no approval from the shareholders of China Poly Group is required for the entering into of the China Poly Group Non-competition Undertaking by China Poly Group.

China Poly Group Non-competition Undertaking

On 29 November 2019, China Poly Group entered into the China Poly Group Non-competition Undertaking in favour of our Group pursuant to which it has, among other things, irrevocably and unconditionally undertaken to our Company that at any time during the Relevant Period (as defined below) that it will and will procure CPG Close Associates (as defined below) to follow the provisions below:

(i) Unless otherwise specified in the China Poly Group Non-competition Undertaking, China Poly Group shall not and shall within its power procure that each of CPG Close Associates (as defined below) will not directly or indirectly, engage in, participate in or assist to engage or participate in, whether on its own account or in conjunction with any other person or company, any business or activity that constitutes or may constitute direct or indirect competition with (i) property management services; and (ii) value-added services to non-property owners and community value-added services, both offered to residential projects in which we have already provided property management services ("**Restricted Business**");

(ii) Unless otherwise specified in the China Poly Group Non-competition Undertaking, China Poly Group shall within its power procure that each of (i) Zunyi Jiulian Property Service Co., Ltd. (遵義久聯物業服務有限公司); (ii) Harbin Poly Technologies Plaza Co., Ltd. (哈爾濱保利科技大廈有限公司); (iii) Zhongyi Huafeng Property Management Co., Ltd. (中藝華豐物業管理有限公司); and (iv) Beijing Gerui Property Management Co., Ltd. (北京格瑞物業管理有限公司) not to, by any means, engage or participate in any business or activity that constitutes or may constitute direct or indirect competition with the Restricted Business, save and except for the projects that each of them has already been engaged as at the date of the China Poly Group Non-competition Undertaking;

(iii) If the above four companies are offered or become aware of any new business opportunity that is or may be in direct or indirect competition with the Restricted Business, as long as the annual aggregate GFA under management (if applicable) involved in the relevant new business opportunity(ies) for each year accounts for less than 0.1% of the total GFA under management of our Group as at the end of the preceding financial year, then the relevant enterprise may, without notifying our Group, operate such new business opportunity on its own. If the relevant annual aggregate ratio is 0.1% or more, such enterprise shall, in accordance with paragraph (vi) below, deal with the relevant business opportunity which exceeds the relevant accumulated percentage;

(iv) If China Poly Group and/or any of CPG Close Associates propose(s) to acquire any business or asset that is or may be in direct or indirect competition with the Restricted Business, as long as the net asset value of the business or asset concerned that is or may be in direct or indirect competition with the Restricted Business accounts for less than 5% of the total net asset value of the entire acquisition, then China Poly Group and/or any of CPG Close Associates may, without notifying our Group, acquire the business or asset concerned on its own ("**Exempted Acquisition**"). If the relevant ratio is 5% or above, China Poly Group or any of CPG Close Associates shall, in accordance with paragraph (vi) below, deal with the relevant acquisition which exceeds the relevant accumulated percentage;

(v) If following the completion of the Exempted Acquisition any relevant enterprise is offered or becomes aware of any new business opportunity that is or may be directly or indirectly in competition with the Restricted Business, as long as the annual aggregate GFA under management (if applicable) involved in the relevant new business opportunity(ies) for each year accounts for less than 0.1% of the total GFA under management of our Group as at the end of the preceding financial year, then the relevant enterprise may, without notifying our Group, operate the relevant new business opportunity on its own. If the relevant annual aggregate ratio is 0.1% or above, such enterprise shall, in accordance with paragraph (vi) below, deal with the relevant business opportunity which exceeds the relevant accumulated percentage;

(vi) Unless otherwise specified in the China Poly Group Non-competition Undertaking, when China Poly Group and/or any of CPG Close Associates is/are offered or become/becomes aware of any new business opportunity that is or may be in direct or indirect competition with the Restricted Business, it/they shall promptly notify the Board of our Company (including our independent non-executive Directors) in writing, and provide all necessary information to enable the Board to determine whether to pursue the participation in the said new business opportunity through tendering and bidding or any other applicable method ("**Participation Right**"), and if the Board of our Company decides to exercise the Participation Right, it/they shall make every effort to procure that such new business opportunity shall be offered on a reasonable basis and under fair terms and conditions, and shall allow our Group to exercise the Participation Right in a fair and open manner; and if the Group decides not to exercise the Participation Right to pursue any new business opportunity for whatever reason, it shall notify China Poly Group in writing within ten business days in a timely manner (subject to the request of the Company for an extension of 20 business days or other period mutually agreed by China Poly Group and our Company). Or if the Group does not respond within ten business days from the receipt of the notification of the Participation Right (subject to the request of the Company for an extension of 20 business days or other period mutually agreed by China Poly Group and the Company), it will be considered as having decided not to exercise the Participation Right. When China Poly Group receives the written confirmation from the Company, or if the Group does not provide a written reply within the specified time, China Poly Group and/or the CPG Close Associates can operate the new business opportunity on their own in accordance with the China Poly Group Non-competition Undertaking; and

(vii) If China Poly Group and/or any of CPG Close Associates propose(s) to transfer, sell, lease, license or otherwise assign to any third party or permit the use by any third party of any new business that they may obtain in the future as agreed under China Poly Group Non-competition Undertaking and that is or may be in direct or indirect competition with the Restricted Business, China Poly Group and/or any of the CPG Close Associates shall send a prior notice to our Group in writing ("**Transfer Notice**"). The Transfer Notice shall contain terms on which China Poly Group and/or any of CPG Close Associates propose(s) to transfer, sell, lease, license such competitive business or its interests, and all relevant information required by our Group. Our Group will, within ten business days upon receipt of the Transfer Notice, give a written reply to China Poly Group and/or any of CPG Close Associates. China Poly Group and/or any of CPG Close Associates undertake(s) that it/they shall not issue/express to any third party any Transfer Notice or intention, whether legally binding or not, to transfer, sell, lease or license to such third party or permit the use by such third party of such competitive business or its interests before receiving the aforementioned reply from our Group. Where our Group refuses to acquire such competitive business or interests, or fails to give a reply to China Poly Group and/or any of CPG Close Associates in respect of the Transfer Notice within the specified time, or where our Group refuses to acquire such competitive business or its interests on such terms as set out in the Transfer Notice but within the specified time sends a written notice to China Poly Group and/or any of CPG Close Associates to set out the transfer conditions that are acceptable to our Group and, if China Poly Group and/or any of CPG Close Associates is/are still unable to accept the transfer conditions offered by our Group through amicable negotiation, then China Poly Group and/or any of CPG Close Associates may transfer, sell, lease or license to any third party such competitive business or its interests, provided that it/they must do so on such conditions that are exactly the same as those set out in the Transfer Notice.

Regarding the above:

(i) "**CPG Close Associates**" means the close associates (as defined under the Listing Rules) of China Poly Group, but, for the purpose of the China Poly Group Non-competition Undertaking only, excluding our Group, Poly Developments and Holdings Group, and Poly Property Group and its subsidiaries; and

(ii) "**Relevant Period**" means the period commencing from the Listing Date and ending on the earlier of (a) the date on which China Poly Group and its close associates (as defined under the Listing Rules, and for the avoidance of doubt, the "close associates" under this definition shall include Poly Developments and Holdings Group) (in aggregate) directly or indirectly hold less than 30% of our Company's total issued Shares; or (b) the date on which our Shares cease to be listed on the Hong Kong Stock Exchange.

Poly Developments and Holdings

As of the Latest Practicable Date, four indirect non-wholly owned subsidiaries of Poly Developments and Holdings (excluding our Group) engaged in property management business. Among them, based on information provided by Poly Developments and Holdings and after reasonable enquiries made by our Directors, each of (i) Nanchang Poly Property Management Co., Ltd. (南昌保利物業管理有限公司); (ii) Foshan Yongsheng Property Management Co., Ltd. (佛山永晟物業管理有限公司); and (iii) Xuzhou Poly Xincheng Property Management Service Co., Ltd. (徐州保利鑫城物業管理服務有限公司) currently performs the property management service only for each single project; and Guangzhou Poly Shimao Property Management Co., Ltd. (廣州市保利世貿物業管理有限公司) only provides the property management services that are ancillary to the conference and exhibition centre's operational services provided by its parent company Guangzhou Poly Guomao Investment Co., Ltd. (廣州市保利國貿投資有限公司).

All of the property management projects operated by the above four subsidiaries of Poly Developments and Holdings comprised their self-owned and/or self-developed properties. The location and type of the properties managed under the above four subsidiaries of Poly Developments and Holdings as at 30 June 2019 are set out below:

Excluded Businesses	Location of the properties under management	Types of the properties under management
Poly Developments and Holdings	Xuzhou city of Jiangsu province, the PRC	Residential property
	Guangzhou city and Foshan city of Guangdong province, the PRC	Commercial property and office building
	Nanchang city of Jiangxi province, the PRC	Residential property and office building

Based on the information provided by Poly Developments and Holdings and after reasonable enquiries made by our Directors, the financial and operating data of the above four subsidiaries of Poly Developments and Holdings recorded during the Track Record Period is set out below:

	For the year ended 31 December			For the six months ended 30 June
	2016	2017	2018	2019
Revenue *(Note)* (RMB million)	136.6	141.3	156.1	81.9
GFA under management ('000 sq.m.)	1,578.1	1,578.1	1,578.1	1,578.1
Number of property management projects	4	4	4	4

Note: including property management services and relevant value-added services.

Based on the information provided by Poly Developments and Holdings and after reasonable enquiries made by our Directors, during the Track Record Period, according to the comparison made between the unaudited total revenue and GFA under management of the above four companies and our total revenue and GFA under management, all of Nanchang Poly Property Management Co., Ltd. (南昌保利物業管理有限公司), Foshan Yongsheng Property Management Co., Ltd. (佛山永晟物業管理有限公司) and Xuzhou Poly Xincheng Property Management Service Co., Ltd. (徐州保利鑫城物業管理服務有限公司) run their business on an extremely small scale. As compared against the aforesaid three companies, Guangzhou Poly Shimao Property Management Co., Ltd. (廣州市保利世貿物業管理有限公司) run its business on a relatively large scale (in terms of total revenue and GFA under management). However, Guangzhou Poly Shimao Property Management Co., Ltd. (廣州市保利世貿物業管理有限公司) has not been included into our Group for the following major reason: The principal business of Guangzhou Poly International Investment Co., Ltd. (廣州市保利國貿投資有限公司) is the operation of conference and exhibition halls, which include the planning and organising of exhibition projects, letting out of exhibition halls, and providing ancillary property management services for conference and exhibition halls. As the wholly-owned subsidiary of Guangzhou Poly International Investment Co., Ltd. (廣州市保利國貿投資有限公司), Guangzhou Poly Shimao Property Management Co., Ltd. (廣州市保利世貿物業管理有限公司) provides ancillary property management services to conference and exhibition halls as well as its ancillary facilities (collectively, "**Exhibition Hall Project**") operated by Guangzhou Poly International Investment Co., Ltd. (廣州市保利國貿投資有限公司), and the property management services provided by Guangzhou Poly Shimao Property Management Co., Ltd. (廣州市保利世貿物業管理有限公司) is only an ancillary service in the operation of Exhibition Hall Project. Apart from this project, it itself does not engage in other property management services.

In addition, there was no overlapping in the directors, supervisors and senior management who are responsible for the management and operation of the four subsidiaries of Poly Developments and Holdings with that of our Group, and hence their property management business is managed and operated independently with us.

Having considered the above factors, our Directors believed that the property management business of Poly Developments and Holdings is clearly delineated from that of our Group and was therefore excluded from our Group.

To ensure a clear delineation of the Restricted Business and the business of Poly Developments and Holdings, Poly Developments and Holdings has entered into the following non-competition undertaking ("**Poly Developments and Holdings Non-competition Undertaking**", together with the China Poly Group Non-competition Undertaking, collectively, the "**Non-competition Undertakings**") in favour of our Group. As advised by our PRC Legal Advisers, no approval from the shareholders of Poly Developments and Holdings is required for the entering into of Poly Developments and Holdings Non-competition Undertaking by Poly Developments and Holdings.

Poly Developments and Holdings Non-competition Undertaking

On 29 November 2019, Poly Developments and Holdings entered into the Poly Developments and Holdings Non-competition Undertaking in favour of our Group pursuant to which it has, among other things, irrevocably and unconditionally undertaken to our Company that at any time during the Relevant Period (as defined below) that it will and will procure PD Close Associates (as defined below) to follow the provisions below:

(i) Unless otherwise specified in the Poly Developments and Holdings Non-competition Undertaking, Poly Developments and Holdings and PD Close Associates shall not directly or indirectly, engage in, participate in, or assist to engage or participate in, whether on its own account or any other person, any business or activity that constitutes or may constitute competition with the Restricted Business;

(ii) Unless otherwise agreed in the Poly Developments and Holdings Non-competition Undertaking, Poly Developments and Holdings shall within its power procure that each of (i) Guangzhou Poly Shimao Property Management Co., Ltd. (廣州市保利世貿物業管理有限公司); (ii) Nanchang Poly Property Management Co., Ltd. (南昌保利物業管理有限公司); (iii) Foshan Yongsheng Property Management Co., Ltd. (佛山永晟物業管理有限公司); and (iv) Xuzhou Poly Xincheng Property Management Services Co., Ltd. (徐州保利鑫城物業管理服務有限公司) will not, by any means, engage or participate in any business or activity that constitutes or may constitute direct or indirect competition with the Restricted Business, except the projects that each of them has been engaged as at the date of the Poly Developments and Holdings Non-competition Undertaking. For the avoidance of doubt, the property management services and business ancillary to the conference and exhibition hall operation operated by Guangzhou Poly Shimao Property Management Co., Ltd. (廣州市保利世貿物業管理有限公司) and/or to be operated after the date of the Poly Developments and Holdings Non-competition Undertaking shall not be restricted by the Poly Developments and Holdings Non-competition Undertaking and its terms;

(iii) If the above four companies are provided with or notified any new business opportunities which constitute or may constitute direct or indirect competition with the Restricted Business, then as long as the annual aggregate GFA under management (if applicable) of such new business opportunity(ies) accounts for less than 0.1% of the total GFA under management of our Group as at the end of the preceding financial year, then such enterprise may, without notifying our Group, operate such new business opportunity on their own. If the relevant annual aggregate ratio is 0.1% or above, such enterprise shall, in accordance with paragraphs (iv) and (v) below, deal with the relevant new business opportunity which exceeds the relevant accumulated percentage;

(iv) If Poly Developments and Holdings and/or the PD Close Associates intend(s) to acquire businesses or assets which constitute or may constitute direct or indirect competition with the Restricted Business, then as long as the net asset value of such part of the business or asset which constitute or may constitute direct or indirect competition with the Restricted Business accounts for less than 5% of the total net asset value of the entire acquisition, then Poly Developments and Holdings and/or the PD Close Associates may, without notifying our Group, acquire such businesses or assets. Shall such ratio be 5% or above, then within 24 months of the completion of such acquisition by Poly Developments and Holdings and/or the PD Close Associates, our Group shall be given an option, namely, to the extent permitted by applicable laws and regulations, that our Group shall be entitled to acquire from Poly Developments and Holdings and/or the PD Close Associates at any time within the aforementioned period, and under fair and reasonable terms and conditions, any equity interests, assets and other interests in the above competing business in a one-off manner or through multiple tranches, or our Group shall, based on methods permitted by applicable laws and regulations, elect to (including but not limited to) operate by outsourcing, lease or contract assets or businesses of Poly Developments and Holdings and/or the PD Close Associates in the above competing business;

(v) Save as otherwise stated in paragraph (iv) above, when Poly Developments and Holdings and/or any of PD Close Associates are offered or become aware of any new business opportunity which directly or indirectly engage or become interested in a Restricted Business, it shall immediately notify the Board (including our independent non-executive Directors) in writing of all reasonably necessary information ("**Offer Notice**") to enable them to decide whether or not to participate in the new business opportunity, and make endeavour to procure the Group to participate in such business opportunity on reasonable and fair terms and conditions when the Board decides to participate in the new business opportunity. If the Group decides to participate in the new business opportunity, it shall notify Poly Developments and Holdings and PD Close Associates in writing within ten business days in a timely manner (subject to the request of the Company for an extension of ten business days or other period mutually agreed by Poly Developments and Holdings and our Company). If the Group decides not to participate in the new business opportunity for whatever reason, it shall notify Poly Developments and Holdings in writing within ten business days (subject to the request of our Company for an extension of 20 business days or other period mutually agreed by Poly Developments and Holdings and our Company). Or if the Group does not respond within 10 business days from the receipt of the Offer Notice (subject to the request of our Company for an extension of 20 business days or other period mutually agreed by Poly Developments and Holdings and our Company), it will be considered as having decided not to participate in the new business opportunity. If Poly Developments and Holdings receives the written confirmation from the Group, or if the Group does not provide a written reply within the specified time, Poly Developments and

Holdings and/or the PD Close Associates can operate the new business opportunity on their own in accordance with the Poly Developments and Holdings Non-competition Undertaking; and

(vi) If Poly Developments and Holdings and/or the PD Close Associates intend(s) to transfer, sell, lease, or license to third parties (or otherwise transfer to them or permit their usage of) the new business (which constitute or may constitute direct or indirect competition with the Restricted Business) that may be obtained by Poly Developments and Holdings and/or the PD Close Associates in the future in accordance with the provisions of the Poly Developments and Holdings Non-competition Undertaking, then Poly Developments and Holdings and/or the PD Close Associates shall issue such written notice ("**Transfer Notice**") to our Group in advance. The Transfer Notice shall be appended with the conditions by which Poly Developments and Holdings and/or the PD Close Associates propose to transfer, sell, lease or license such competing business (or interests therein) to third parties, and such relevant information as required by our Group. The Group shall respond to Poly Developments and Holdings and/or the PD Close Associates in writing within 10 business days of receipt of the Transfer Notice. Poly Developments and Holdings and/or the PD Close Associates undertake(s) that, prior to the receipt of the aforementioned reply from our Group, it/they shall not issue or express any Transfer Notice or intention (whether legally binding or not) to third parties concerning the proposed transfer, sale, lease or licence of such competing business (or interests therein) to such third parties. Shall our Group refuse to acquire such competing business (or interests therein), or fail to respond to Poly Developments and Holdings and/or the PD Close Associates on the Transfer Notice within the specified time, or shall our Group refuse to acquire such competing business (or interests therein) on conditions set out in the Transfer Notice, but issue written notice to Poly Developments and Holdings and/or the PD Close Associates within the specified time setting out the transfer conditions acceptable to our Group, then if Poly Developments and Holdings and/or the PD Close Associates, after amicable negotiation, is/are still unable to accept the transfer conditions proposed by our Group, then Poly Developments and Holdings and/or the PD Close Associates may transfer, sell, lease, or license such competing business (or interests therein) to third parties, provided that it must transfer, sell, lease, or license such competing business (or interests therein) to third parties fully in accordance with the terms set out in the Transfer Notice.

Regarding the above:

(i) "**PD Close Associates**" means the close associates (as defined under the Listing Rules) of Poly Developments and Holdings, but, for the purpose of Poly Developments and Holdings Non-competition Undertaking only, excluding our Group, the controlling shareholders of Poly Developments and Holdings, and the subsidiaries of the controlling shareholders of Poly Developments and Holdings (including Poly Property Group and its subsidiaries);

(ii) "**Relevant Period**" means the period commencing from the Listing Date and ending on the earlier of (a) the date on which Poly Developments and Holdings and any of PD Close Associates hold less than 30% of our Company's total issued Shares; or (b) the date on which our Company's Shares cease to be listed on the Hong Kong Stock Exchange.

In addition to the above four companies, based on information provided by Poly Developments and Holdings and after reasonable enquiries made by our Directors, as of the Latest Practicable Date, one of the subsidiaries of Poly Developments and Holdings, namely Poly Commercial Real Estate Investment & Management Co., Ltd. (保利商業地產投資管理有限公司), engaged in the operation of shopping malls and hotels (including property management service such as security services and cleaning services). During the Track Record Period and upon Listing, Poly Commercial Real Estate Investment & Management Co., Ltd. (保利商業地產投資管理有限公司) has provided and will continue to provide property management service to shopping malls and hotels. During the Track Record Period, revenue arising from engaging in property management service for shopping centre and hotel-related businesses by our Group is minimal. Given that the property management service provided by Poly Commercial Real Estate Investment & Management Co., Ltd. (保利商業地產投資管理有限公司) are ancillary to and is part of their shopping mall and hotel operation, and the scale of which is relatively small compared with that of its shopping mall and hotel operation, our Directors are of the view that this does not constitute any material competing business with us, and even in the event that there is an overlapping of this business segment with our business, the relevant financial impact of such business segment to our Company would be relatively insignificant.

Poly Property Group

As of the Latest Practicable Date, the property management companies of Poly Property Group namely Shanghai Poly Property Hotel Management Co., Ltd. (上海保利物業酒店管理集團有限公司), Hubei Poly Hotel Ltd. (湖北保利大酒店有限公司) and Shenzhen Poly Commercial Property Operation and Management Co., Ltd. (深圳市保利商業物業經營管理有限公司), engaged in management of residential properties, commercial properties, offices and other properties. Based on the following factors, our Directors are of the view that the competition between the property management business of our Group and Poly Property Group (if any) is not extreme:

Project scale

We are a comprehensive property management service provider in China. As at 30 June 2019, our total GFA under management amounted to 260.3 million sq.m. The following table summarises the financial figures and operational figures of our property management projects during the Track Record Period:

	Year ended 31 December			Six months ended 30 June
	2016	2017	2018	2019
Revenue (RMB million)	1,906.3	2,419.2	2,909.5	1,823.0
Gross profit (RMB million)	250.7	332.6	409.6	330.8

	As at 31 December			As at 30 June
	2016	2017	2018	2019
GFA under management ('000 sq.m.)	81,818	106,181	190,521	260,333
Number of property management projects	386	509	755	846

On the other hand, Poly Property Group is a property developer in the PRC. Based on the annual reports of Poly Property Group from 2016 to 2018 and the interim report of Poly Property Group for the six months ended 30 June 2019, the revenue generated from property management services only accounted for less than 5% of their total revenue. The following table summarises the financial figures and operational figures of the related property management companies of Poly Property Group during the period from 2016 to 2018 and for the six months ended 30 June 2019, as disclosed in the financial reports of Poly Property Group during the Track Record Period:

	Year ended 31 December			Six months ended 30 June
	2016	**2017**	**2018**	**2019**
Revenue *(Note)* (RMB million)	492.6	705	809	417

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
Total GFA of property management projects ('000 sq.m.)	27,380	29,500	33,820	35,510
Number of property management projects	132	145	195	209

Note: including property management services and relevant value-added services.

As at 30 June 2019, (i) our GFA under management was over seven times of that of the related property management projects of Poly Property Group; and (ii) the number of our property management projects was over four times of that of Poly Property Group. Our property management services are of a much larger scale as compared with that of Poly Property Group.

Sources of property management projects

Although as at 30 June 2019, almost 43.1% of the total GFA under management by our Group were that of Internal Projects, we have been proactively expanding our business by providing property management services to external projects (i.e. (i) property developers other than Poly Developments and Holdings Group (including its joint venture companies and associated companies) and (ii) owners of certain public and other properties (including schools and public service facilities)) (the "**External Projects**"). The following table provides a breakdown by project source of (i) our revenue obtained from property management; and (ii) GFA under management as at the dates or periods stated below:

	Year ended 31 December						Six months ended 30 June			
	2016		**2017**		**2018**		**2018**		**2019**	
	Revenue		**Revenue**		**Revenue**		**Revenue**		**Revenue**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Internal Projects	1,880,817	98.7	2,320,390	95.9	2,577,520	88.6	1,190,776	93.2	1,509,079	82.8
External Projects	25,445	1.3	98,761	4.1	331,988	11.4	87,117	6.8	313,896	17.2
Total	1,906,262	100.0	2,419,151	100.0	2,909,508	100.0	1,277,893	100.0	1,822,975	100.0

	As at 31 December						As at 30 June	
	2016		2017		2018		2019	
	GFA under management		GFA under management		GFA under management		GFA under management	
	'000 sq.m.	*%*	*'000 sq.m.*	*%*	*'000 sq.m.*	*%*	*'000 sq.m.*	*%*
Internal Projects	75,218	91.9	91,379	86.1	109,369	57.4	112,131	43.1
External Projects	6,600	8.1	14,802	13.9	81,152	42.6	148,202	56.9
Total	81,818	100.0	106,181	100.0	190,521	100.0	260,333	100.0

On the other hand, based on information provided by Poly Property Group and after reasonable enquiries by our Directors, most of the property management services provided by Poly Property Group is mainly to serve the properties developed by themselves, and the portion of property management services provided to properties developed by third parties only accounted for a small portion of the total GFA under management as at 30 June 2019.

Based on the Group's internal available information, during the Track Record Period, we had not tendered any bid for property management projects developed by Poly Property Group, and similarly the property management companies of Poly Property Group had not tendered any bid for property management projects developed by Poly Developments and Holdings Group. We believe that such measures will continue to maintain in the future.

How the property management projects are obtained

As explained in the paragraph headed "Independence from our Controlling Shareholders and their respective close associates — Business and operational independence — Standard tender process directed by the PRC government", in accordance with industry practice, we obtained the majority of our early phase property management services business through standard tender process regulated by applicable laws and regulations in the PRC. During the Track Record Period, the majority of our property management projects are obtained by tendering, and those obtained by mergers and acquisitions or other means only account for a small portion of all our projects.

Based on information provided by Poly Property Group and after reasonable enquiries by our Directors, from 2016 to 30 June 2019, save for individual projects, the property management projects of Poly Property Group are obtained by tendering.

Regions where property management projects are located

As at 30 June 2019, we had a total of 846 property management projects for our GFA under management, covering 93 cities in China. Based on information provided by Poly Property Group and after reasonable enquiries by our Directors, Poly Property Group's property management business covered in 26 cities in China and only overlapped with ours in 11 cities. Our revenue generated in these overlapping cities accounted for 35.6% of our total revenue generated for the six months ended 30 June 2019. During the Track Record Period, in terms of the cities in which our business is located, the majority of the cities in which our business is located do not overlap with those of Poly Property Group.

Management and business independence

As explained in the paragraph headed "Independence from our Controlling Shareholders and their respective close associates — Management independence", each of our Controlling Shareholders and their associates and our Group is managed and operated independently of each other in the interest of their respective shareholders as a whole.

As Poly Property Group is a company listed on the Hong Kong Stock Exchange, it needs to comply with requirements of the Listing Rules related to management, business and operational independence.

In addition, no directors, supervisors and senior management of our Group hold any position in Poly Property Group and its subsidiaries. We are managed and operated independently from Poly Property Group and its subsidiaries.

Given that each of Poly Developments and Holdings and Poly Property Group has been listed on the Shanghai Stock Exchange and Hong Kong Stock Exchange, respectively, each of them is required to comply with the relevant listing rules of the respective stock exchange related to management, business and operational independence, as such they operate and manage their business independently from each other. Poly Developments and Holdings and Poly Property Group have obtained their property development projects on a fair and open basis through competitive bidding process and in compliance with all applicable laws and regulations in the PRC. Based on the information provided by Poly Developments and Holdings and after reasonable enquiries by our Directors, there is no deed of non-competition undertakings that was entered into between Poly Developments and Holdings and Poly Property Group.

Having considered the above factors, our Directors take the view that the competition between our business and Poly Property Group's property management business, if any, is not material. In addition, if there is any competition, it is only a market competition between two independently operated companies, both of which have demonstrated their independence in finance, business operation and management from their common Controlling Shareholders and their respective close associates. Given that we will become a publicly listed company and Poly Property Group has already been listed on the Hong Kong Stock Exchange, we believe that we will continue to maintain our independence in finance, business operation and management from our Controlling Shareholders and their respective close associates. Having considered the above factors, our Directors believed that the property management business of Poly Property Group is substantially delineated from that of our Group and was therefore excluded from our Group.

Corporate Governance Measures to manage the conflict of interests with Poly Property Group

As explained in the paragraph headed "Poly Property Group — Management and business independence" in this section, no directors, supervisors and senior management of our Group hold any positions in Poly Property Group and its subsidiaries. We are managed and operated independently from Poly Property Group and its subsidiaries. However, to achieve good corporate governance, our Company has adopted the following measures to manage the conflict of interest arising from potential competition, if any, between our Group and Poly Property Group and its close associates:

(a) our Directors will comply with the Articles of Association which require the interested Director not to vote (nor be counted in the quorum) on any Board resolution approving contract or arrangement or other proposal in which he/she or any of his/her close associate is materially interested;

(b) our Directors will (i) report any conflict or potential conflict of interest involving Poly Property Group and its close associates to our independent non-executive Directors as soon as practicable upon becoming aware of such conflict; (ii) convene a Board meeting to review and evaluate the implications and risk exposure of such conflict; and (iii) monitor any material irregular business activities. The conflicted Directors will be required to abstain from participating in the Board meetings where resolutions with material potential conflicts of interest are discussed; and

(c) our nomination committee will from time to time review the independence of our Directors with Poly Property Group to ensure that our key management personnel are and will continue to be independent from and do not overlap with those of Poly Property Group.

As explained above, certain subsidiaries of China Poly Group, Poly Developments and Holdings and Poly Property Group have engaged in certain property management business in 28 cities with total revenue (including property management services and relevant value-added services) of RMB658.5 million, RMB878.8 million, RMB999.8 million and RMB516.6 million for the three years ended 31 December 2018 and the six months ended 30 June 2019, respectively and overlapped with us in 12 cities in total, namely Beijing, Zunyi, Guangzhou, Foshan, Nanchang, Shanghai, Yantai, Wuhan, Ningbo, Nanjing, Huizhou and Zibo (collectively, the "**Overlapping Cities**"). Our revenue generated in the Overlapping Cities accounted for 36.8% of our total revenue generated for the six months ended 30 June 2019. The revenue generated by China Poly Group, Poly Developments and Holdings and Poly Property Group in the Overlapping Cities from property management business and value-added services to non-property owners and community value-added services accounted for approximately 49.5% of their total revenue generated from these businesses for the six months ended 30 June 2019. Their scale of business is much smaller than ours and therefore have no material impact on the business and financial performance of our Group.

Save as disclosed above, our Controlling Shareholders, Directors and their respective close associates do not have any interests in any businesses which directly or indirectly compete or may compete with the principal business of our Group which are required to be disclosed under Rule 8.10 of the Listing Rules. As at the Latest Practicable Date, each of the Controlling Shareholders also confirm that they have no present intention to include the Restricted Business of China Poly Group, Poly Developments and Holdings and Poly Property Group into our Group. Should there be any plan for us to acquire any of such business, our Group will comply with the relevant Listing Rules and applicable laws and regulations accordingly.

CORPORATE GOVERNANCE MEASURES

Our Company has adopted the following measures to manage the conflict of interests arising from potential competition, if any, between our Group and our Controlling Shareholders and their close associates:

(a) our independent non-executive Directors will review the Non-competition Undertakings (including the Transfer Notice and Participation Right) on an annual basis;

(b) each of China Poly Group and Poly Developments and Holdings has undertaken to provide all information necessary to our Company for the annual review by our independent non-executive Directors on the enforcement of and compliance with the Non-competition Undertakings;

(c) if our Board is required to make a decision on whether to accept a business opportunity pursuant to the Transfer Notice and Participation Right under the Non-competition Undertakings, such decision shall be made by those Directors who do not have any material interest in such business opportunity and/or who do not assume any ongoing managerial or directorship role in China Poly Group and Poly Developments and Holdings (as the case may be) and their respective close associates which has/have any material interest in the resolution;

(d) each of China Poly Group and Poly Developments and Holdings will provide a confirmation on compliance pursuant to their undertakings under the Non-competition Undertakings in our annual report;

(e) our Company will disclose the decision made and/or matter reviewed by our independent non-executive Directors relating to compliance and enforcement of the Non-competition Undertakings (including any decision made by our Board on whether to accept a business opportunity pursuant to the Transfer Notice and Participation Right under the Non-competition Undertakings) in our annual reports and/or by way of an announcement;

(f) our Directors will comply with the Articles of Association which require the interested Director not to vote (nor be counted in the quorum) on any Board resolution approving any contract or arrangement or other proposal in which he/she or any of his/her close associate is materially interested;

(g) our Directors, including our independent non-executive Directors, will be entitled to seek independent professional advice from external parties in appropriate circumstances at our Company's expense;

(h) our Directors will (i) report any conflict or potential conflict of interest involving China Poly Group and Poly Developments and Holdings and/or our Controlling Shareholders and their respective close associates to our independent non-executive Directors as soon as practicable upon becoming aware of such conflict; (ii) convene a Board meeting to review and evaluate the implications and risk exposure of such conflict; and (iii) monitor any material irregular business activities. The conflicted Directors will be required to abstain from participating in the Board meetings where resolutions with material potential conflicts of interest are discussed;

(i) our Company will monitor potential or proposed transaction between our Group and our connected persons, and ensure compliance with Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting, annual review and independent Shareholders' approval requirements;

(j) our Company has appointed GF Capital (Hong Kong) Limited as its compliance adviser to provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to directors' duties and internal control;

(k) our audit committee will conduct a review on the effectiveness of the above internal control measures on an annual basis; and

(l) in case where our Directors also hold positions in China Poly Group, Poly Developments and Holdings and/or Poly Property Group, our nomination committee will from time to time review their independence in terms of performing their duties as our Directors to ensure effective management of conflict of interest.

Substantial Shareholders as at the Latest Practicable Date

As of the Latest Practicable Date, our registered capital and issued share capital was RMB400,000,000, divided into 400,000,000 Domestic Shares with a nominal value of RMB1.00 each. The following persons directly or indirectly control, or are entitled to exercise or control the exercise of, 10% or more of our share capital:

Name of Shareholder	Nature of interest	Class	Number of Shares directly or indirectly held	Approximate percentage of shareholding %
China Poly Group(1)	Interest in controlled corporation	Domestic Shares	400,000,000	100%
Poly Southern(1)	Interest in controlled corporation	Domestic Shares	400,000,000	100%
Poly Developments and Holdings(2)	Beneficial owner	Domestic Shares	380,000,000	95%
	Interest in controlled corporation	Domestic Shares	20,000,000	5%

Notes:

(1) Poly Developments and Holdings is a non-wholly owned subsidiary of Poly Southern, which in turn is a wholly-owned subsidiary of China Poly Group, therefore, Poly Southern and China Poly Group are deemed by the SFO to be interested in the Shares in which Poly Developments and Holdings is interested.

(2) Xizang Yingyue is wholly-owned by Poly Developments and Holdings, therefore, Poly Developments and Holdings is deemed by the SFO to be interested in the Shares in which Xizang Yingyue is interested.

Substantial Shareholders Upon Listing

Immediately following completion of the Global Offering:

- assuming the Over-allotment Option is not exercised, our share capital will comprise 400,000,000 Domestic Shares and 133,333,400 H Shares, representing 75% and 25% of the total share capital of our Company, respectively; and

- assuming the Over-allotment Option is fully exercised, our share capital will comprise 400,000,000 Domestic Shares and 153,333,400 H Shares, representing 72.29% and 27.71% of the total share capital of our Company, respectively.

So far as our Directors are aware, and save as disclosed in the section headed "Cornerstone Investors" of this prospectus (as regards the number of Offer Shares to be held by each of the Cornerstone Investors upon Listing), immediately following the completion of the Global Offering, the following persons will have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part

XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Interests in our Company

			Immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option)			Immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option)		
Name of Shareholder	**Nature of interest**	**Class**	**Number of Shares directly or indirectly held**	**Approximate % of interest in our Company**	**Approximate % of the relevant class of Shares of our Company**	**Number of Shares directly or indirectly held**	**Approximate % of interest in our Company**	**Approximate % of the relevant class of Shares of our Company**
China Poly Group[(1)]	Interest in controlled corporation	Domestic Shares	400,000,000	75%	100%	400,000,000	72.29%	100%
Poly Southern[(1)]	Interest in controlled corporation	Domestic Shares	400,000,000	75%	100%	400,000,000	72.29%	100%
Poly Developments and Holdings[(2)]	Beneficial owner	Domestic Shares	380,000,000	71.25%	95%	380,000,000	68.68%	95%
	Interest in controlled corporation	Domestic Shares	20,000,000	3.75%	5%	20,000,000	3.61%	5%

Notes:

(1) Poly Developments and Holdings is a non-wholly owned subsidiary of Poly Southern, which in turn is a wholly-owned subsidiary of China Poly Group, therefore, Poly Southern and China Poly Group are deemed by the SFO to be interested in the Shares in which Poly Developments and Holdings is interested.

(2) Xizang Yingyue is wholly-owned by Poly Developments and Holdings, therefore, Poly Developments and Holdings is deemed by the SFO to be interested in the Shares in which Xizang Yingyue is interested.

Except as disclosed in this prospectus, as of the Latest Practicable Date, we are not aware of any arrangement which may on a subsequent date result in a change of control of our Company.

The Group will enter into certain transactions with the parties which will become our connected persons upon completion of the Global Offering, and some of such transactions will continue after the Listing Date and will constitute the connected transaction under Chapter 14A of the Listing Rules upon Listing.

(A) CONTINUING CONNECTED TRANSACTIONS FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

Trademark Licencing Agreements

On 30 May 2019, our Company entered into a trademark licencing agreement with Poly Developments and Holdings, pursuant to which, Poly Developments and Holdings agreed to irrevocably grant us a non-transferable licence and to allow us to use the trademarks (i) 保利物业 (Trademark No.: 10017412, Category:36); and (ii) 保利物业 (Trademark No.: 10018517, Category:37) registered in China from the date of the trademark licencing agreement to the expiration dates of the trademarks (including the renewal period of such trademarks) or to the date of termination of the trademark licencing agreement to be agreed by the parties in writing at the total royalties of RMB20 for the entire period.

On 31 October 2016, our Company entered into a trademark licencing agreement with Poly Developments and Holdings, pursuant to which Poly Developments and Holdings agreed to irrevocably grant us a non-transferable licence and to allow us to use the trademark 保利 (Trademark No.: 3475707, Category:37) registered in China from 31 October 2016 to 20 May 2025 at the royalties of RMB10.

For details of the licenced trademarks, please refer to sub-section headed "Appendix VI — Statutory and General Information — 2. Further Information about our Business — (B) Our Intellectual Property Rights" in this prospectus.

Our Directors believe that the above trademark licencing agreements with a term of more than three years can ensure the stability of our operations and is beneficial to the interests of 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 such duration.

Poly Developments and Holdings is one of our Controlling Shareholders and thus a connected person of our Company under the Listing Rules. Accordingly, the transactions under the above trademark licencing agreements will constitute the connected transactions of our Company under Chapter 14A of the Listing Rules upon the Listing.

As the right to use the above licenced trademarks is granted to us at the royalty of RMB30 in aggregate, the transactions under the above trademark licencing agreements will meet the de minimis transaction requirements under Rule 14A.76 of the Listing Rules and are 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

On 29 November 2019, our Company entered into the connected transaction framework agreement ("**Connected Transaction Framework Agreement**") with Poly Developments and Holdings with a term from the Listing Date to 31 December 2021, pursuant to which we will conduct continuing connected transactions with Poly Developments and Holdings and its associates subject to the reporting, annual review and announcement but are exempt from independent Shareholders' approval requirements. For avoidance of doubt, in addition to the transactions referred to below, the Connected Transaction Framework Agreement also covers certain transactions under sub-section "(C) Continuing Connected Transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements" of this section.

1. Property Leasing;

2. Hardware Procurement and Hardware Maintenance Services; and

3. Procurement of Technology Development and Supporting Services.

1. Property Leasing

(a) Transaction Description

Pursuant to the Connected Transaction Framework Agreement, we will lease properties owned by Poly Developments and Holdings and its associates. Based on the principles under the Connected Transaction Framework Agreement, the relevant subsidiaries and associates of the parties will enter into separate leasing agreements setting out specific terms and conditions.

The rent payable by us under the Connected Transaction Framework Agreement will be determined on arm's length basis, with reference to the historical transaction amounts during the Track Record Period and the prevailing market rent of similar properties located in similar areas and should not be less favourable than that offered by Independent Third Parties.

(b) Historical Transaction Amounts

For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, the historical total leasing fee paid to Poly Developments and Holdings and its associates amounted to approximately RMB3.0 million, RMB5.7 million, RMB11.0 million and RMB8.8 million, respectively.

(c) Annual Caps on Future Transaction Amounts

Our Directors estimate that the annual caps for leasing fee to be generated under the Connected Transaction Framework Agreement for each of the three years ending 31 December 2021 will not exceed RMB18.7 million (among which approximately RMB3.8 million will be recognised as right-of-use assets from the renewal of certain leases, and approximately RMB14.9 million will be rental expenses), RMB46.8 million (among which approximately RMB28.9 million will be recognised as right-of-use assets from such leases, and approximately RMB17.9 million will be rental expenses) and RMB21.5 million (all of which are rental expenses), respectively.

The above annual caps are determined after consideration of:

(i) the historical amounts of the leasing agreements we entered into with Poly Developments and Holdings and its associates;

(ii) the estimated total annual rental to be paid by us for the year ending 31 December 2019 to Poly Developments and Holdings and its associates based on (a) the leasing agreements that we have entered into with them and the historical rental paid of approximately RMB8.8 million for the six months ended 30 June 2019; and (b) the expected rental to be paid by us to Poly Developments and Holdings and its associates, among which approximately RMB3.8 million will be recognised as right-of-use assets from the renewal of certain leases, in accordance with the lease agreements already entered into (including two lease renewals under which the respective rental have been increased);

(iii) the total value of right-of-use assets arising from certain leasing agreements already entered into that fall under the scope of IFRS16 and on the basis that they will be renewed under the same terms following their expiry;

(iv) the expected increasing business needs of our Group in the future in respect of our leased properties;

(v) the expected rental to be paid to Poly Developments and Holdings and its associates in accordance with a new lease agreement expected to be entered into for three years for the expansion of our new office area during the year ending 31 December 2020, pursuant to which approximately RMB28.9 million will be recognised as right-of-use assets pursuant to IFRS16; and

(vi) the expected annual increase in rental expenses of 20% for leases that are not required to be recognised as right-of-use assets under the scope of IFRS16 for the year ending 31 December 2020 and 2021, which is determined based on (i) the upcoming expiry of certain leases and the expected increase in rental after their renewal, considering the prevailing rental of similar properties in the market at that time; and (ii) the Company's plans to expand its business reach to new areas, thereby leasing additional office space and incurring additional leasing costs.

(d) Listing Rules implications

As explained above, Poly Developments and Holdings is a connected person of our Company under the Listing Rules. Accordingly, the property leasing under the Connected Transaction Framework Agreement will constitute the continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

As it is expected that the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to the property leasing under the Connected Transaction Framework Agreement will be more than 0.1%, but less than 5%, the property leasing will be exempt from the independent Shareholders' approval requirement but shall be subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

2. Hardware Procurement and Hardware Maintenance Services

(a) Transaction Description

Pursuant to the Connected Transaction Framework Agreement, we will procure hardware and hardware maintenance services from Poly Developments and Holdings and its associates, i.e. (i) hardware equipment procurement; and (ii) maintenance services for the hardware procured (collectively, "**Hardware Procurement and Maintenance Services**") from the Listing Date to 31 December 2021.

(b) Historical Transaction Amount

In June 2019, our Group paid services fees of RMB0.5 million to Poly Developments and Holdings and its associates in respect of the Hardware Procurement and Maintenance Services. Save for the above, our Group has not paid any service fees to Poly Developments and Holdings and its associates in this respect during the Track Record Period and up to the Latest Practicable Date.

(c) Annual Caps on Future Transaction Amount

Based on the expected demand of our Group for the Hardware Procurement and Maintenance Services, our Directors estimate that the annual caps of fees to be generated for the Hardware Procurement and Maintenance Services under the Connected Transaction Framework Agreement for each of the three years ending 31 December 2021 will not exceed RMB3.0 million, RMB5.0 million and RMB6.0 million, respectively.

The above annual caps are determined with reference to:

(i) the terms and conditions of the contracts entered into between us and Guangzhou Poly Digital and Technology Co., Ltd. (廣州保利數碼科技有限公司) ("**Poly Digital**"), being an associate of Poly Developments and Holdings, for the procurement of part of the Hardware Procurement and Maintenance Services required for a total contract amount of approximately RMB1.5 million, with reference to which, together with the expected other demand for such services required for the year ending 31 December 2019;

(ii) the expected demand for the Hardware Procurement and Maintenance Services for the procurement of hardware such as switch boxes and power source management equipment of approximately RMB1.5 million for the year ending 31 December 2019, as a result of the expansion of the new office area as mentioned above;

(iii) the expected procurement of, among other things, servers, data centres, and storage device from Poly Digital for the year ending 31 December 2020 as a result of the Company's plans to upgrade its systems for digitisation and smart management, as mentioned in the subsection headed "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus; and

(iv) the expected annual increase in the Hardware Procurement and Maintenance Services for the year ending 31 December 2021, after considering (without limitation) (a) the Company's continuing investment to update its systems for digitization and smart management; (b) the expected increase in labor cost, taking into account the historical growth of labor cost during the Track Record Period and the expected minimum wage set by the PRC Government from time to time; and (c) the expected increase in hardware cost due to the higher specifications required for the digitization and smart management systems the Company intends to use.

(d) Listing Rules implications

As explained above, Poly Developments and Holdings is a connected person of our Company under the Listing Rules. Accordingly, the Hardware Procurement and Maintenance Services will constitute the continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

As it is expected that the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to Hardware Procurement and Maintenance Services under the Listing Rules will be more than 0.1%, but less than 5%, the Hardware Procurement and Maintenance Services will be exempt from the independent Shareholders' approval requirement but shall be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

3. Procurement of Technology Development and Supporting Services

(a) Transaction Description

Pursuant to the Connected Transaction Framework Agreement, we will procure technology development and supporting services from Poly Developments and Holdings and its associates for the purposes of enhancing our digital platforms, systems and product application experiences, i.e. (i) technology development services; (ii) supporting services; and (iii) maintenance services (collectively "**Technology Development and Supporting Services**") from the Listing Date to 31 December 2021.

(b) Historical Transaction Amounts

For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, the historical services fees paid to Poly Developments and Holdings and its associates for the Technology Development and Supporting Services amounted to approximately RMB2.9 million, RMB4.3 million, RMB3.5 million and RMB1.6 million, respectively.

(c) Annual Caps on Future Transaction Amount

Based on the expected demand of our Group for the Technology Development and Supporting Services and the historical transaction amounts during the Track Record Period, our Directors estimate that the annual caps of fees to be generated for the Technology Development and Supporting Services for each of the three years ending 31 December 2021 will not exceed RMB5.4 million, RMB6.5 million and RMB7.8 million, respectively.

The above annual caps are determined with reference to:

(i) the historical transaction amounts during the Track Record Period;

(ii) the historical services fees paid to Poly Developments and Holdings and its associates for the Technology Development and Supporting Services, which amounted to RMB1.6 million for the six months ended 30 June 2019;

(iii) the existing contracts that have been entered into with Poly Developments and Holdings and its associates for the Technology Development and Supporting Services, under which the expected services fees amounted to RMB0.5 million per month for the six months ending 31 December 2019;

(iv) the expected ad hoc services fees to be paid to Poly Developments and Holdings and its associates for the Technology Development and Supporting Services, which is expected to be RMB0.8 million for the six months ending 31 December 2019; and

(v) the expected annual increase in the Technology Development and Supporting Services of 20% per year for the years ending 31 December 2020 and 2021, after considering (without limitation) (a) the Company's continuing investment to update its systems for digitization and smart management hence the need for the development of new technology and the corresponding supporting services; (b) the expected increase in labor cost, taking into account the historical growth of labor cost during the Track Record Period and the expected minimum wage set by the PRC Government from time to time; and (c) the expected increase in the cost of technology development and support due to the higher specifications required for the digitization and smart management systems the Company intends to use.

(d) Listing Rules implications

As explained above, Poly Developments and Holdings is a connected person of our Company under the Listing Rules. Accordingly, the Technology Development and Supporting Services will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

As it is expected that the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to Technology Development and Supporting Services under the Listing Rules will be more than 0.1%, but less than 5%, the Technology Development and Supporting Services will be exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

(C) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Provision of Property Management Services

(a) Transaction Description

Pursuant to the Connected Transaction Framework Agreement, we will provide property management services to the following types of properties related to Poly Developments and Holdings and its associates from the Listing Date to 31 December 2021:

(i) Property units which are used by Poly Developments and Holdings and its associates;

(ii) Property units which are completed but unsold by Poly Developments and Holdings and its associates and/or property units which are completed and sold but before the delivery date as agreed between Poly Developments and Holdings/its associates and the buyers of such property units; and

(iii) Property units which have been delivered by Poly Developments and Holdings and its associates and for which, the property management fees required to be paid by the owners will be reduced by way of reductions or reliefs, gifts or other marketing offers and for which, the property management fees will be paid to us fully by Poly Developments and Holdings and/or its associates pursuant to the benefits arranged for and made available to the owners.

On 29 November 2019, our Company entered into a property management services framework agreement (collectively "**Other Property Management Services Framework Agreements**") with each of Poly Southern, Guangdong Poly Auction Co., Ltd. (廣東保利拍賣有限公司) and Poly Changda Overseas Engineering Co., Ltd (保利長大海外工程有限公司), respectively, pursuant to which, our Company will provide property management services to Poly Southern, Guangdong Poly Auction Co., Ltd. (廣東保利拍賣有限公司) (and its subsidiaries) and Poly Changda Overseas Engineering Co., Ltd (保利長大海外工程有限公司) (and its subsidiaries), respectively.

The property management fees to be charged pursuant to the Connected Transaction Framework Agreement and Other Property Management Services Framework Agreements shall be determined after arm's length negotiations taking into account of the location of the projects, the expected operational costs (including, amongst others, labour costs, material costs and administrative costs) with reference to the property management fees for similar services and similar types of projects in the market. The property management fees shall be on normal commercial terms, and at prices no more favourable than those provided to our customers who are Independent Third Parties.

(b) Historical Transaction amounts

For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, the property management service fees paid by Poly Developments and Holdings and its associates, Poly Southern and Guangdong Poly Auction Co., Ltd. (廣東保利拍賣有

限公司) to us amounted to approximately RMB239.9 million, RMB180.3 million, RMB145.1 million and RMB77.4 million, respectively.

During the Track Record Period, no property management service fees had been paid by Poly Changda Overseas Engineering Co., Ltd (保利長大海外工程有限公司) to us.

(c) Annual Caps on Future Transaction Amount

Our Directors estimate the annual caps for the property management fees to be generated pursuant to the Connected Transaction Framework Agreement and Other Property Management Services Framework Agreements for each of the three years ending 31 December 2021 will not exceed RMB156.2 million, RMB188.0 million and RMB224.9 million, respectively.

In determining the above annual caps, our Directors have taken into account of the following factors that are considered to be reasonable and fair in the relevant circumstances:

(i) the historical transaction amounts during the Track Record Period;

(ii) the property management fees of approximately RMB116.8 million received from Poly Developments and Holdings and its associates for the ten months ended 31 October 2019, based on the management accounts of the Company;

(iii) the property management service contracts already entered into and the settlement schedule of Poly Developments and Holdings and its associates;

(iv) our expected annual increase in property management fees received from Poly Developments and Holdings and its associates for the years ending 31 December 2020 and 2021 of around 20%, taking into account the following factors:

(1) the increase in number of property units used by Poly Developments and Holdings and its associates as a result of its business growth and expansion, thereby increasing the GFA our property management services are provided to and the corresponding property management fees;

(2) the increase in number of property units completed but unsold by Poly Developments and Holdings and its associates, after due consideration of the outlook of the future real estate market in the PRC, which may lead to more unsold properties and hence a larger sum of property management fees payable to us by Poly Developments and Holdings and its associates;

(3) the increase in property management fees payable by Poly Developments and Holdings and its associates on behalf of property owners, as a result of the enhanced marketing effort of Poly Developments and Holdings and its associates in view of the upcoming real estate market in the PRC and its current marketing effort;

(4) the increase in property management fee per sq.m. payable by Poly Developments and Holdings and its associates for property units used by them, as a result of their relocation to a prime commercial building; and

(5) the historical CAGR of approximately 23.5% of the revenue generated from the Group's property management services from 2016 to 2018, which is in-line with the expected business growth of the Group.

(v) the terms and conditions of the Other Property Management Services Framework Agreements and the basis of the estimated demand of our Group's business development plans in the future.

(d) Listing Rules Implications

As explained above, Poly Developments and Holdings is a connected person of our Company under the Listing Rules, and Poly Southern is one of our Controlling Shareholders and each of Guangdong Poly Auction Co., Ltd. (廣東保利拍賣有限公司) and Poly Changda Overseas Engineering Co., Ltd (保利長大海外工程有限公司) is a subsidiary of China Poly Group, hence, each of Poly Southern, Guangdong Poly Auction Co., Ltd. (廣東保利拍賣有限公司) and Poly Changda Overseas Engineering Co., Ltd (保利長大海外工程有限公司) is a connected person of our Company under the Listing Rules. Accordingly, the provision of property management services under the Connected Transaction Framework Agreement and Other Property Management Services Framework Agreements will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

As it is expected that the applicable percentage ratios under the Listing Rules in respect of the aggregated annual caps in relation to the property management services under the Connected Transaction Framework Agreement and Other Property Management Services Framework Agreements pursuant to the Listing Rules will be more than 5%, the transactions in respect of the property management services under the Connected Transaction Framework Agreement and Other Property Management Services Framework Agreements shall be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Provision of Pre-delivery Services and Other Value-added Services

Pursuant to the Connected Transaction Framework Agreement, we will conduct the following continuing connected transactions with Poly Developments and Holdings and its associates that shall be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements:

1. Provision of Pre-delivery Services; and

2. Provision of Other Value-added Services.

(i) Provision of Pre-delivery Services

(a) Transaction Description

Pursuant to the Connected Transaction Framework Agreement, we will provide pre-delivery services to Poly Developments and Holdings and its associates, for the purposes of assisting in property sale activities, which include visitor reception, cleaning, security inspection, maintenance and other customer related services (collectively "**Pre-delivery Services**"), from the Listing Date to 31 December 2021.

The Pre-delivery Services fees to be charged are determined by taking into account of the prevailing market prices for similar services in the open market and the historical charging rates during the Track Record Period after negotiations on an arm's length basis. The Pre-delivery Services fees shall be on normal commercial terms, and at prices no more favourable than those provided to our customers who are Independent Third Parties.

(b) Historical Transaction Amounts

For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, the historical Pre-delivery Services fees paid by Poly Developments and Holdings and its associates to us amounted to approximately RMB288.4 million, RMB385.9 million, RMB509.5 million and RMB327.0 million, respectively.

(c) Annual Caps on Future Transaction Amount

Our Directors estimate that the annual caps of the Pre-delivery Services fees to be generated under the Connected Transaction Framework Agreement for each of the three years ending 31 December 2021 will not exceed RMB688.5 million, RMB826.2 million and RMB991.5 million, respectively.

In determining the above annual caps, our Directors have taken into account of the following factors that are considered to be reasonable and fair in the relevant circumstances:

(i) the historical transaction amounts during the Track Record Period;

(ii) the Pre-delivery Services fees received from Poly Developments and Holdings and its associates during the ten months ended 31 October 2019 of approximately RMB479.5 million based on the management accounts of the Company; and

(iii) our expected annual increase in the fees for Pre-delivery Services received from Poly Developments and Holdings and its associates for the years ending 31 December 2020 and 2021 of 20%, taking into account the CAGR of approximately 32.9% of the increase in fees received during the Track Record Period, and the following factors:

(1) the expected increase in demand of Poly Developments and Holdings and its associates for the Pre-delivery Services pursuant to their business development plans in the coming three years ending 31 December 2021; and

(2) the expected annual increase in the charging rates for our Pre-delivery Services with reference to our charging rates during the Track Record Period and the expected increase in the relevant labor and operating cost and therefore market price for such services in the forthcoming years.

(d) Listing Rules implications

As explained above, Poly Developments and Holdings is a connected person of our Company under the Listing Rules. Accordingly, the Pre-delivery Services will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

As it is expected that the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to the Pre-delivery Services under the Connected Transaction Framework Agreement pursuant to the Listing Rules will be more than 5%, the transactions in respect of the Pre-delivery Services shall be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) Provision of Other Value-added Services

(a) Transaction Description

Pursuant to the Connected Transaction Framework Agreement, we will provide other value-added services to Poly Developments and Holdings and its associates, i.e. (i) other value-added services to non-property owners, such as consultancy, inspection, delivery and commercial operation services; and (ii) community value-added services (collectively "**Other Value-added Services**"), from the Listing Date to 31 December 2021.

The services fees to be charged in respect of the Other Value-added Services are determined by taking into account of the prevailing market prices for similar services in the open market and the historical charging rates during the Track Record Period after negotiations on an arm's length basis. The provision of Other Value-added Services shall be on normal commercial terms, and at prices no more favourable than those provided to our customers who are Independent Third Parties.

(b) Historical Transaction Amounts

For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, Poly Developments and Holdings and its associates paid the historical services fees of approximately RMB78.8 million, RMB58.6 million, RMB119.3 million and RMB87.7 million, respectively, in respect of the Other Value-added Services.

(c) Annual Caps on Future Transaction Amount

Our Directors estimate that the annual caps of fees to be generated in respect of the Other Value-added Services provided by our Group for each of the three years ending 31 December 2021 will not exceed RMB179.2 million, RMB215.0 million and RMB258.0 million, respectively.

In arriving at the above annual caps, our Directors have taken into account of the following factors that are considered to be reasonable and fair in the relevant circumstances:

(i) the historical transaction amounts during the Track Record Period;

(ii) the fees for Other Value-added Services received from Poly Developments and Holdings and its associates during the ten months ended 31 October 2019 of approximately RMB132.8 million, based on the management accounts of the Company;

(iii) the provision of Other Value-added Services in the second half of 2019 and the settlement schedule of Poly Developments and Holdings and its associates; and

(iv) our expected annual increase in the fees for Pre-delivery Services received from Poly Developments and Holdings and its associates for the years ending 31 December 2020 and 2021 of 20%, taking into account the CAGR of approximately 34.4% of the revenue generated from the Group's other value-added services to non-property owners from 2016 to 2018 (which is in-line with the expected business growth of the Group), and the following factors:

(1) the estimated new area under construction and/or saleable by Poly Developments and Holdings and its associates, based on the CAGR of approximately 46.8% and 31.5%, respectively, during the Track Record Period;

(2) the GFA under construction by Poly Developments and Holdings and its associates of approximately 110.7 million sq.m. as at 30 June 2019;

(3) the GFA intended to be developed by Poly Developments and Holdings and its associates of approximately 76.2 million sq.m. as at 30 June 2019;

(4) the expected increase in the demand of Poly Developments and Holdings and its associates for the Other Value-added Services pursuant to their business development plans in the coming three years ending 31 December 2021 and considering our thorough understanding of the needs and requirements of Poly Developments and Holdings and its associates; and

(5) the expected annual increase in the charging rates for our Other Value-added Services with reference to our charging rates during the Track Record Period and the expected increase in the relevant cost and market price for such services, taking into account, amongst others, of the increase in the labour cost for the relevant services in the forthcoming years.

(d) Listing Rules Implications

As explained above, Poly Developments and Holdings is a connected person of our Company under the Listing Rules. Accordingly, the provision of the Other Value-added Services under the Connected Transaction Framework Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

As it is expected that the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to the Other Value-added Services under the Connected Transaction Framework Agreement pursuant to the Listing Rules will be more than 5%, the transactions in respect of the Other Value-added Services shall be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Deposit Service Framework Agreement

(a) Transaction Description

On 29 November 2019, our Company entered into a deposit service framework agreement ("**Deposit Service Framework Agreement**") with Poly Finance Company Limited (保利財務有限公司) pursuant to which we can use the deposit services provided by Poly Finance Company Limited (保利財務有限公司). We have applied to the Hong Kong Stock Exchange for a waiver from strict compliance with the announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules which will expire up to the earlier of (i) one year after the Listing Date; or (ii) the date of our first annual general meeting after the Listing (the "**Deposit Waiver Term**").

Established in 2008, upon approval by China Banking Regulatory Commission, Poly Finance Company Limited, being a member of China Poly Group, is a sino-foreign joint venture non-bank financial institution.

As at 31 December 2018, the shareholding structure of Poly Finance Company Limited is summarised as follows:

Shareholder	**Capital contribution** *(RMB'000)*
China Poly Group	800,000
Poly Technology Co., Limited (保利科技有限公司)	360,146
Poly Developments and Holdings	260,146
Poly Property Group	227,032
Credit Suisse AG	116,458
Poly Culture Group Corporation Limited (保利文化集團股份有限公司)	100,000
Poly (Hong Kong)	72,968
Poly Southern	63,250
Total:	**2,000,000**

Under the PRC laws, the establishment of non-banking financial institution is subject to approval by the CBIRC and its operation is subject to the ongoing supervision of the CBIRC. Non-banking financial institutions shall comply with applicable regulations relating to interests rates issued by the PBOC. In the PRC, finance companies are usually referred to non-banking financial institutions which provide financial management services to the group member entities for the purpose of strengthening the centralized management of enterprise group funds and improving the efficiency of the utilization of the funds. Poly Finance Company Limited only provides financial services to members of China Poly Group, including our Group; and hence, Poly Finance Company Limited has not applied for credit rating assessed by external authority. However, considering that Poly Finance Company Limited is a member of China Poly Group, which is a state wholly-owned enterprise with sound credit rating of AAA according to the credit rating notice of China Chengxin Securities Rating Co., Ltd. (中誠信證券評估有限公司) as at 21 August 2019, we expect that we would not be exposed to high credit risk for depositing our funds with Poly Finance Company Limited.

As a non-banking financial institution, Poly Finance Company Limited is subject to various regulatory and capital adequacy requirements, including capital adequacy ratios, loan-to-deposit ratios, limit on interbank loans and deposit reserve thresholds. The CBIRC issued a regulatory guideline《企業集團財務公司管理辦法》in July 2004 (and as amended in December 2006) with respect to the establishment and ongoing regulation of such non-banking financial institutions. Poly Finance Company Limited has adopted the same standard of other PRC commercial banks to protect the principals of its customer deposits. As at the Latest Practicable Date, based on public record, the Finance Permit Licence (金融許可證) held by Poly Finance Company Limited is valid and has not been withdrawn or revoked. In addition, according to the public record of CBIRC, there is no record of administrative punishment or administrative supervision measures that are related to Poly Finance Company Limited.

As at 31 December 2018, Poly Finance Company Limited had total assets of approximately RMB50,523.4 million, registered capital of RMB2 billion and a capital adequacy ratio of 18.38%. During the Track Record Period, our deposit in Poly Finance Company Limited only accounted for a very small scale of the total deposits placed in them and hence, we are not their major customer.

As at the Latest Practicable Date, the business scope of Poly Finance Company Limited as set out in its business license includes: (1) providing financial and financing consultancy, credit certification and related consultancy and agency services to members of the group; (2) assisting members of the group in settlement; (3) approved insurance agency services; (4) providing guarantees to members of the group; (5) providing entrustment loan and entrusted investment services; (6) providing bill acceptance and discount services to members of the group; (7) processing the settlement of internal transfers between accounts and providing solution plans for relevant settlement and clearing; (8) taking deposits from members of the group; (9) providing loan and finance leases to members of the group; (10) conducting inter-borrowings among finance companies; (11) underwriting the corporate bonds issued by members of the group; (12) making equity investments in financial institutions; and (13) making investments in marketable securities (excluding investment in secondary stock market).

We have adopted internal policies and measures in relation to cash management. In particular, our finance department will be responsible for closely monitoring the ongoing and continuing cash deposits at our related parties. Our management will, periodically, review information such as the maximum daily balance of the deposits with Poly Finance Company Limited. In addition, the implementation and enforcement of such transactions with related parties would be independently scrutinised by our independent non-executive Directors so that appropriate measures can be taken by us to adjust the level of deposits with Poly Finance Company Limited on a timely basis.

Pursuant to the Deposit Service Framework Agreement, we may deposit our fund in Poly Finance Company Limited from time to time. The terms offered by Poly Finance Company Limited (including interest rates and other salient terms) should be comparable to those offered by banks or other financial institutions in China for the same type and term/interest period. Our Group and Poly Finance Company Limited will monitor the deposits of our Group from time to time.

Poly Finance Company Limited is under the ongoing supervision of the CBIRC; and has sound risk management. The security level of its settlement system that can reach the standard of commercial banks in China. In addition, deposit arrangement in Poly Finance Company Limited can diversify our deposit risk and different deposit terms can help us maintain flexible cash flow management strategy. In view of the above, our Directors believe that the entering into of the Deposit Service Framework Agreement is in the best interests of the Company and its Shareholders as a whole.

For avoidance of doubt, the Deposit Service Framework Agreement does not restrict our use of services provided by other commercial banks or independent financial institutions in China. Our Group may make choices at our discretion based on the business needs and the costs and quality of relevant services. Our Group may (but is not obliged to) use the deposit services provided by Poly Finance Company Limited in order to deploy and manage its financial resources in a more flexible and efficient manner.

(b) Historical Transaction Amounts

For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, the historical maximum daily deposit balances (including paid interests) our Group deposited in Poly Finance Company Limited was approximately RMB26.5 million, Nil, RMB1,130.0 million and RMB1,156.3 million, respectively. And the terms offered by Poly Finance Company Limited (including interest rates and other salient terms) were comparable to those offered by banks or other financial institutions in China during the Track Record Period. During the two years ended 31 December 2017, we had not unified our cash inflow and outflow under the management at our headquarters level and our subsidiaries and branch offices deposited their working capital in commercial banks. From 2018 onwards, we have implemented centralised management of cash and funds collected by our headquarters are primarily placed in Poly Finance Company Limited. For this reason, our deposit balances in Poly Finance Company Limited in 2016 and 2017 were of much smaller amount than that in 2018 and the first six months ended 30 June 2019.

(c) Annual Cap on Future Transaction Amount

Our Directors estimate that the maximum daily deposit balance (including paid interests) we propose to deposit with Poly Finance Company Limited for the year ending 31 December 2019 and the period from 1 January 2020 till the expiry of the Deposit Waiver Term pursuant to the Deposit Service Framework Agreement will not exceed RMB2,030.0 million and RMB2,030.0 million, respectively.

The above daily caps for deposit balances (including paid interests) are determined with reference to (i) the maximum daily deposit balances (including paid interests) during the Track Record Period; (ii) our cash and cash equivalent of approximately RMB1,902.4 million as at 30 June 2019; and (iii) our deposit balance of approximately RMB1,132.1 million with Poly Finance Company Limited as at 31 October 2019, and are considered to be proper and reasonable.

(d) Listing Rules implications

As Poly Finance Company Limited is an associate of China Poly Group, which in turn is a connected person of our Company under the Listing Rules, the transactions under the Deposit Service Framework Agreement will constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules upon the Listing.

As it is expected that the applicable percentage ratios under the Listing Rules in respect of the daily caps for the deposit balances under the Deposit Service Framework Agreement pursuant to the Listing Rules will be more than 5%, the transactions under the Deposit Service Framework Agreement shall be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(D) APPLICATION FOR WAIVER

Pursuant to the Listing Rules, the transactions described under the sub-section "— (B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements But Exempt from the Independent Shareholders' Approval Requirement" of this section constitute our continuing connected transactions that are exempt from independent Shareholders' approval requirements but subject to the reporting, annual review and announcement requirements of Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, the transactions described under the sub-section "— (C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" of this section constitute our continuing connected transactions that shall be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

In respect of these continuing connected transactions, we have applied and the Hong Kong Stock Exchange has granted in accordance with Rule 14A.105 of the Listing Rules, waivers exempting us from strict compliance with (i) the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as 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; and (ii) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as described 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).

If any terms of the transactions contemplated under the abovementioned agreements are altered or if our Company enters into any new agreements with any connected persons in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Hong Kong Stock Exchange.

(E) DIRECTORS' VIEWS

Our Directors consider that each of the continuing connected transactions described under the sub-section entitled "— (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" has been and will be carried out: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; 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 are also of the view that the annual caps of the continuing connected transactions under the sub-section entitled "— (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 are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

(F) OPINIONS OF THE JOINT SPONSORS

The Joint Sponsors are of the view (i) that each of the continuing connected transactions described under the sub-section entitled "— (B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements But Exempt from the Independent Shareholders' Approval Requirement" and the sub-section entitled "— (C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" has been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, 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.

SUMMARY INFORMATION OF OUR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following tables set forth information regarding our current Directors, Supervisors and senior management. All of our Directors and Supervisors meet the qualification requirements under relevant PRC laws and regulations and the Listing Rules for their respective position, except for the waiver as to management presence of our executive Directors in Hong Kong in the section headed ''Waivers from Strict Compliance with the Listing Rules.''

Directors

The following table summaries the details of our Directors:

Name	Age	Present position	Responsibilities	Date of joining our Group	Date of first appointment as a Director	Relationship with other Directors, Supervisors and senior management
Mr. Huang Hai (黃海)	44	Chairman of the Board and non-executive Director	Presiding the Board and giving strategic advice and formulating development plans of our Group	October 2016	21 October 2016 and was appointed as chairman of the Board on 22 April 2019	Nil
Mr. Hu Zaixin (胡在新)	50	Non-executive Director	Provision of guidance for the overall development of our Group	April 2009	20 April 2009	Nil
Mr. Li Jiahe (黎家河)	59	Executive Director	Formulating the business plans and overall management of business development of our Group	May 2000 and rejoined our Group in January 2005	20 April 2009	Nil
Ms. Wu Lanyu (吳蘭玉)	40	Executive Director and general manager	Overall strategic direction and business operations of our Group	June 2018	20 June 2018	Nil
Mr. Wang Xiaojun (王小軍)	65	Independent non-executive Director	Giving independent strategic advice and guidance on the business and operations of our Group	May 2019	7 May 2019	Nil
Ms. Tan Yan (譚燕)	55	Independent non-executive Director	Giving independent strategic advice and guidance on the business and operations of our Group	May 2019	7 May 2019	Nil

Name	Age	Present position	Responsibilities	Date of joining our Group	Date of first appointment as a Director	Relationship with other Directors, Supervisors and senior management
Mr. Wang Peng (王鵬)	43	Independent non-executive Director	Giving independent strategic advice and guidance on the business and operations of our Group	May 2019	7 May 2019	Nil

Supervisors

The following table summaries the details of our Supervisors:

Name	Age	Present position	Responsibilities	Date of joining our Group	Date of first appointment as a Supervisor	Relationship with other Directors, Supervisors and senior management
Ms. Liu Huiyan (劉慧妍)	48	Chairman of the Supervisory Committee	Presiding the work of the Supervisory Committee, responsible for supervising the Board and the senior management of our Company	March 1999 and rejoined in November 2011	15 November 2011	Nil
Ms. Chen Shuping (陳淑萍)	54	Employee representative Supervisor	Responsible for supervising the Board and the senior management of our Company	April 2005	11 October 2016	Nil
Ms. Zhong Yu (鍾妤)	47	Shareholder representative Supervisor	Responsible for supervising the Board and the senior management of our Company	July 2007	21 October 2016	Nil

BOARD OF DIRECTORS

The Board comprises seven Directors including two executive Directors, two non-executive Directors and three independent non-executive Directors with a term of three years, subject to re-election and reappointment. Responsibilities of the Board include but are not limited to (i) executing resolutions passed at shareholders' general meetings and reporting to shareholders' general meetings; (ii) determining our operation and investment plans; (iii) formulating our financial and capital plans; (iv) determining our internal management structure and setting down fundamental management rules; (v) appointing and dismissing members of senior management and determining their remuneration and rewards and penalties issues; and (vi) performing other functions and powers conferred on it by relevant laws, regulations and the Articles of Association.

Mr. Huang Hai (黃海), aged 44, is the chairman of the Board and a non-executive Director, responsible for giving strategic advice and formulating development plans of the Group. Mr. Huang joined our Group as a Director of our Company on 21 October 2016 and was appointed as the chairman of the Board on 22 April 2019 and was appointed as our non-executive Director on 7 May 2019. He is the chairman of our nomination committee and a member of our audit committee. Mr. Huang has over 22 years of experience in the investment and financing, capital market and corporate management and amongst which, over 16 years of experience in the real-estate industry.

From April 1997 to October 1998, Mr. Huang worked as business manager of finance department of Shenzhen OUR New Medical Technology Development Co., Ltd. (深圳市奥沃醫學新技術發展有限公司) (previously known as Shenzhen Wofa Medical New Technology Development Co., Ltd. (深圳沃發醫學新技術發展有限公司)) mainly participating in corporate financing related works. From January 1999 to January 2000, Mr. Huang worked as manager of marketing department of Shantou Branch of Guangzhou Xingda Communication Co., Ltd. (廣州興達通訊有限公司), which has already been revoked, mainly responsible for marketing related works. From March 2000 to December 2002, Mr. Huang worked as business manager and security representative in the security department of Zhongshan Public Utilities Group Co., Ltd. (中山公用科技股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000685), responsible for security related work. Since December 2002, Mr. Huang has been working in Poly Developments and Holdings, whose shares are listed on the Shanghai Stock Exchange (stock code: 600048), with his current position since April 2012, as the secretary of the board and officer of the board of directors, responsible for security related work, relationship with the investors and capital market related work. Since July 2016, Mr. Huang has been working as a director of Guangdong Provincial Expressway Development Co., Ltd (廣東省高速公路發展股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000429), responsible for overall corporate and business strategies, as well as making major corporate and operational decisions making. Since October 2016, Mr. Huang has been working as a Director of our Group, responsible for formulating our major corporate and business strategies.

Mr. Huang obtained a bachelor degree of trade and economics from South China Agricultural University (華南農業大學) in June 1997 and a master degree of business administration from Sun Yat-sen University (中山大學) in December 2006.

Mr. Hu Zaixin (胡在新), aged 50, is a non-executive Director of the Board, responsible for provision of guidance for the overall development of our Group. Mr. Hu joined our Company in April 2009 and served as a Director of our Company since 20 April 2009 and as the chairman of the Board between April 2009 and June 2018, and was appointed as our non-executive Director on 7 May 2019. He is a member of each of our audit committee and remuneration committee. Mr. Hu has over 10 years of experience in property management.

Since July 1998, Mr. Hu successively worked as a manager in sales department, general manager of marketing centre, assistant general manager, adjunct general manager of brand management centre, deputy general manager and deputy secretary of the committee of Communist Party of China (黨委副書記) of Poly Developments and Holdings with his current position responsible for human resources works and cultural tourism related industries.

Mr. Hu obtained a master degree of economics from Sun Yat-sen University (中山大學) in June 1998. In January 2009, Mr. Hu obtained a doctor degree of media economics from Communication University of China (中國傳媒大學). Mr. Hu has been qualified as an intermediate economist (sales and marketing) since November 2000. Mr. Hu is currently the vice president of China Property Management Institute (中國物業管理協會).

Mr. Li Jiahe (黎家河), aged 59, is an executive Director of the Board, responsible for formulating the business plans, and overall management of business development of our Group. Mr. Li joined our Group in May 2000 and rejoined our Group in January 2005, was appointed as a Director on 20 April 2009, and was appointed as our executive Director on 7 May 2019. He is a member of our remuneration committee. Mr. Li has over 16 years of experience in property management related work.

Mr. Li worked as manager of finance department of Poly Developments and Holdings from March 1993 to April 2000, responsible for financial management. From May 2000 to August 2002, Mr. Li served as the deputy general manager of our Company, responsible for operation of certain property management projects. From September 2002 to January 2005, Mr. Li served as manager of human resources department of Poly Developments and Holdings, responsible for human resources. Mr. Li successively served as the general manager, director and chairman of the Board of our Company from January 2005 to April 2019 mainly responsible for overall management, operation and business development of our Group.

Mr. Li had been (i) a director and legal representative of Guangzhou Baocheng Business Management Co. Ltd. (廣州市葆成企業管理有限公司) which was revoked in November 2011 due to the failure to conduct annual inspection as required; and (ii) a director of Guangzhou Xinhui Economic Development Co. Ltd. (廣州新滙經濟發展有限公司) which was revoked in December 2002 due to the failure to conduct annual inspection as required.

As confirmed by Mr. Li, (i) he had been a director and legal representative of Guangzhou Baocheng Business Management Co., Ltd. and a director of Guangzhou Xinhui Economic Development Co., Ltd. at the relevant time when each of these two companies was revoked; (ii) the failure to conduct annual inspection of the aforementioned two companies was due to negligence of the then employees in charge of the respective companies and Mr. Li was not involved in such incidents; and (iii) each of these two companies was solvent prior to their respective revocation. As advised by our PRC Legal Advisers, given that Mr. Li did not bear personal liability relating to the aforementioned incidents, even though he was a director and/or legal representative of these two companies, Mr. Li had not breached the PRC laws and regulations for his continuing to act as director and senior management of other PRC enterprises, including our Company, after such incidents.

Mr. Li obtained a certificate of completion of corporate management (finance and investments) from Sun Yat-sen Business School (中山大學管理學院) in September 2004. Mr. Li has been qualified as property management manager since December 2005.

Ms. Wu Lanyu (吳蘭玉), aged 40, is our executive Director of the Board and the general manager, responsible for overall strategic direction and business operations of the Group. Ms. Wu joined our Group as a Director on 20 June 2018 and was redesignated as our executive Director on 7 May 2019. She is a member of our nomination committee. Ms. Wu has over 14 years of experience in the real-estate industry.

Ms. Wu worked as business manager of Poly Developments and Holdings from June 2005 to August 2005, responsible for investment related work. From September 2005 to February 2008, Ms. Wu served as the officer-in-charge of sales and marketing of Guangzhou Science City Poly Property Co., Ltd. (廣州科學城保利房地產開發有限公司), which was a subsidiary of Poly Developments and Holdings and deregistered in October 2016, responsible for sales and marketing. From February 2008 to April 2018, Ms. Wu served as assistant general manager and deputy general manager of Poly (Wuhan) Property Co., Ltd. (保利(武漢)房地產開發有限公司), with her last position responsible for sales and marketing, customer services and property management related work. Ms. Wu has served as the general manager of our Company since June 2018 with responsibility of overall operation, management, strategy making and business decisions making.

Ms. Wu obtained two bachelor degrees of Management and Law, respectively, from Wuhan University of Technology (武漢理工大學) in June 2003, and a master degree of Communication Studies from Huazhong University of Science and Technology (華中科技大學) in June 2005. Ms. Wu has been qualified as an intermediate economist (economy of real estate) since December 2008.

Independent non-executive Directors

Mr. Wang Xiaojun (王小軍), aged 65, was appointed as an independent non-executive Director on 7 May 2019. He is the chairman of our remuneration committee and a member of each of our audit committee and nomination committee.

From October 1992 to April 2001, Mr. Wang successively served as an assistant manager in the China Listing Affairs Unit of the Hong Kong Stock Exchange, a solicitor of Richards Butler, an assistant director of Peregrine Capital Limited and a director of ING Barings Securities (Hong Kong) Limited. Mr. Wang had been a partner of Junhe Law Offices. Mr. Wang is currently a partner of JNJ Partners LLP. Since August 2004, Mr. Wang has been serving as independent non-executive director of Concepta Investments Limited (currently known as OP Financial Limited), whose shares are listed on the Hong Kong Stock Exchange (stock code: 01140). Since March 2013, Mr. Wang has been serving as an independent non-executive director of China Aerospace International Holdings Limited, whose shares are listed on the Hong Kong Stock Exchange (stock code: 00031).

From June 2001 to May 2004, Mr. Wang served as an independent non-executive director of Euro-Asia Agricultural (Holdings) Co., Ltd. (歐亞農業(控股)有限公司), whose shares were listed on the Hong Kong Stock Exchange (former stock code: 932) and delisted in May 2004. From May 2005 to May 2011, Mr. Wang served as an independent non-executive director of Guangzhou shipyard International Company Limited (廣州廣船國際股份有限公司) (formerly known as CSSC Offshore & Marine Engineering (Group) Company Limited (中船海洋與防務裝備股份有限公司)), whose shares are listed on the Hong Kong Stock Exchange (stock code: 00317) and Shanghai Stock Exchange (stock code: 600685), and from November 2009 to October 2013, Mr. Wang served as an independent non-executive director of Zijin Mining Group Co., Ltd. (紫金礦業集團股份有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 02899) and Shanghai Stock Exchange (stock code: 601899). Mr. Wang served as an independent non-executive director of Yanzhou Coal Mining Company Limited (兗州煤業股份有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 01171) and Shanghai Stock Exchange (stock code: 600188), and were listed on the New York Stock Exchange (Stock Code: YZC) from April 2002 to June 2008 and from May 2011 to June 2017, respectively. From June 2008 to September 2014, Mr. Wang served as an independent director of Norinco International Cooperation Ltd. (北方國際合作股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000065). From September 2013 to September 2019, Mr. Wang served as an independent non-executive director of Livzon Pharmaceutical Group Inc., whose shares are listed on the Hong Kong Stock Exchange (stock code: 01513) and Shenzhen Stock Exchange (stock code: 000513).

Mr. Wang graduated from the First Branch of Renmin University of China (中國人民大學第一分校) (currently known as Beijing Union University (北京聯合大學)) majoring in law in July 1983 and obtained a master degree of laws from the Graduate School of the Chinese Academy of Social Sciences (中國社會科學院研究生院) (Currently part of the University of Chinese Academy of Social Sciences (中國社會科學院大學)) in December 1986. Mr. Wang qualified as a lawyer in the PRC in 1988, and was admitted as solicitor in Hong Kong in 1995 and was admitted as a solicitor in England and Wales in 1996.

Ms. Tan Yan (譚燕), aged 55, was appointed as an independent non-executive Director on 7 May 2019. She is the chairman of our audit committee and a member of each of our remuneration committee and our nomination committee.

Ms. Tan has been teaching in Sun Yat-Sen Business School (中山大學管理學院) majoring in accounting, Ms. Tan successively has been teaching assistant, lecturer, associate professor and professor of business school of Sun Yat-Sen Business School (中山大學管理學院) since July 1988. Since September 2018, Ms. Tan has been serving as an independent director and the chairman of the audit committee of Guangzhou Yuetai Group Co., Ltd. (廣州粵泰集團股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600393). Since July 2019, Ms. Tan has served as an independent director of SGIS Songshan Co., Ltd (廣東韶鋼松山股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000717). From July 2013 to July 2019, Ms. Tan has been serving as an independent director and the chairman of the audit committee of Alpha Group (奧飛娛樂股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 002292). From January 2014 to January 2018, Ms. Tan has served as an independent director and a member of the audit committee of Yihua Healthcare Co., Ltd. (宜華健康醫療股份有限公司) (formerly known as Yihua Real Estate Co., Ltd. (宜華地產股份有限公司)), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000150). From December 2013 to November 2016, Ms. Tan has served as an independent director of Zhuhai Wiseman Fashion Co., Ltd. (珠海威絲曼股份有限公司), whose shares are listed on the NEEQ (stock code: 833957). From December 2011 to May 2015, Ms. Tan has served as director of Shenzhen Zhengxian Electric Co., Ltd. (深圳市正弦電氣股份有限公司) whose shares are listed on the NEEQ (stock code: 834933).

Ms. Tan obtained her bachelor degree majoring in industrial financial accounting from Hunan College of Finance and Economics (湖南財政經濟學院) (currently a part of Hunan University (湖南大學)) in July 1985, and obtained her master degree majoring in accounting from Renmin University of China in July 1988. In July 2004, Ms. Tan obtained her doctor degree majoring in accounting from Renmin University of China.

Mr. Wang Peng (王鵬), aged 43, was appointed as an independent non-executive Director on 7 May 2019. He is a member of each of our audit committee, our remuneration committee and our nomination committee.

Since July 2003, Mr. Wang successively served as a director of publicity department, deputy secretary general, secretary general and vice president at China Property Management Association (中國物業管理協會), an industry association of property management enterprises, where he is responsible for administration and management, human resources, financial budgeting and internal management. Mr. Wang has been serving as an independent non-executive director of each of the following Hong Kong listed companies: (i) A-Living Services Co., Ltd. (雅居樂雅生活服務股份有限公司) (stock code: 03319) since August 2017; (ii) Ever Sunshine Lifestyle Services Group Limited (stock code: 01995) since November 2018; and (iii) Xinyuan Property Management Service (Cayman) Ltd. (stock code: 01895) since October 2019.

Mr. Wang obtained his executive master of business administration (EMBA) from Hebei University of Technology (河北工業大學) in January 2015.

Save as disclosed herein, none of our Directors held any directorship positions in any listed companies in Hong Kong and overseas within 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, Supervisors and senior management officers that should be disclosed pursuant to Rule 13.51(2) or paragraph 41(3) of Appendix 1A to 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.

SUPERVISORY COMMITTEE

The Supervisory committee of our Company consists of three members. Except for the one employee representative Supervisor elected by our employee representatives, the Supervisors were elected by our Shareholders for a term of three years, which is renewable upon re-election and re-appointment. The functions and duties of the Supervisory committee include, but not limited to reviewing and verifying financial reports, business reports and profit reports; appointing accountants and practising auditors to re-examine the Company's financial information; monitoring the financial activities of the Company; supervising the working performance of the Directors, the president and other senior management members, and monitoring whether they had acted in violation of the laws, regulations and Articles of Association in the performance of their duties; requesting the Directors, the president and other senior management members to rectify actions which are harmful for the Company's interest; and exercising other rights authorised to them under the Articles of Association.

Ms. Liu Huiyan (劉慧妍), aged 48, was appointed as the chairlady of the Supervisory Committee in October 2016. Ms. Liu joined our Group in March 1999 and rejoined our Group in November 2011 and served as the Supervisor of our Company since 15 November 2011.

Ms. Liu has more than 23 years of experience in financial management related fields. From February 1996 to February 1999, Ms. Liu worked as a business manager in finance department of Poly Developments and Holdings, responsible for financial accounting and analysis. From March 1999 to January 2009, Ms. Liu successively served as a manager in the finance department, assistant of general manager, manager of finance department and chief financial officer of our Company mainly responsible for financial management. From January 2009 to January 2010, Ms. Liu served as chief financial officer of Fuli Construction Holdings Co., Ltd. (富利建設集團有限公司) (previously known as Guangzhou Fuli Construction and Installation Engineering Co., Ltd. (廣州富利建築安裝工程公司)), responsible for financial management. From February 2010 to January 2011, Ms. Liu served as chief financial officer of Guangzhou Pazhou Investment Co., Ltd.(廣州市琶洲投資有限公司), responsible for financial management. Since January 2011, Ms. Liu served as the general manager of auditing management centre of Poly Developments and Holdings, responsible for internal auditing and internal control regulation.

Ms. Liu obtained her bachelor degree majoring in economics from Guangdong commercial College (廣東商學院) (currently known as Guangdong University of Finance and Economics (廣東財經大學)) in June 1994. She was qualified as an accountant in the PRC since December 2002.

Ms. Chen Shuping (**陳淑萍**), aged 54, was elected as the Supervisor of our Company on 11 October 2016. Ms. Chen joined our Group in April 2005.

Ms. Chen has approximately 14 years of experience in the property management. From April 2005 to March 2017, Ms. Chen successively served as a project manager of Poly Lily Garden Services Centre (保利百合花園服務中心) of our Company, the general manager of Poly Garden Services Centre, deputy general manager and the general manager of human resources centre mainly responsible for property management and human resources management. Since March 2017, Ms. Chen served as the general manager of Poly (Guangzhou) Property and Development Co., Ltd. (保利(廣州)物業發展有限公司), responsible for its daily operation.

Ms. Chen obtained her master degree in Business Administration from the Asia International Open University (Macau) in May 2005. Ms. Chen was qualified as an intermediate economist (human resources) since November 2000 and a property manager since November 2013.

Ms. Zhong Yu (鍾妤), aged 47, was appointed as the Supervisor of our Company on 21 October 2016. Ms. Zhong joined our Group in July 2007.

Ms. Zhong has approximately 12 years of experience in financial fields. From July 2007 to March 2017, Ms. Zhong successively served as a manager in the finance department of the property management services centre of Poly International Square of our Company, senior manager of the finance management centre, deputy manager of the budget management department of the finance management centre, assistant general manager of operation expansion centre and assistant general manager of the auditing management centre, mainly responsible for the budget management, internal control and auditing. Since March 2017, Ms. Zhong served as chief financial officer of Guangzhou Poly Commercial Property and Development Co., Ltd. (廣州保利商業物業發展有限公司), responsible for financial management.

Ms. Zhong obtained her bachelor degree majoring in economy from Wuhan University (武漢大學) in July 1995. She was qualified as an intermediate accountant in the PRC since May 2002.

Save as disclosed herein, none of our Supervisors held any directorship positions in any listed companies in Hong Kong and overseas within the three years immediately preceding the date of this prospectus. There is no other information relating to the relationship of any of our Supervisors with other Directors, Supervisors and senior management officers that should be disclosed pursuant to Rule 13.51(2) or paragraph 41(3) of Appendix 1A to 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 Supervisors that needed to be brought to the attention of our Shareholders and there was no information relating to our Supervisors 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

The following table summarises the details of our senior management:

Name	Age	Position/Title	Responsibilities	Date of appointment for the current position	Date of joining our Group	Relationship with other Directors, Supervisors and senior management
Ms. Wu Lanyu (吳蘭玉)	40	Executive Director and general manager	Overall strategic direction and business operations of the Group	June 2018	June 2018	Nil
Ms. Zhao Guangfeng (趙廣峰)	46	Deputy general manager	Operation of property management	January 2008	March 2002	Nil
Mr. Liu Baoyu (劉寶裕)	47	Deputy general manager	Operation of property management	January 2012	March 2007	Nil
Mr. Zou Fushun (鄒福順)	41	Deputy general manager	Operation of property management	January 2017	January 2017	Nil

Name	Age	Position/Title	Responsibilities	Date of appointment for the current position	Date of joining our Group	Relationship with other Directors, Supervisors and senior management
Ms. Yang Yang (楊楊)	42	Chief financial officer, secretary of the Board and joint company secretary	Financial management and the works of company secretary	Appointed as chief financial officer in June 2018 and as secretary of the Board and joint company secretary in April 2019	June 2018	Nil
Mr. Yang Wenbo (楊文波)	45	Deputy general manager	Operation of property management	July 2018	January 2015	Nil

Ms. Wu Lanyu (吳蘭玉), aged 40, is our executive Director and the general manager. For details of biography of Ms. Wu, please refer to "Directors" in this section.

Ms. Zhao Guangfeng (趙廣峰), aged 46, is a deputy general manager of our Company. Ms. Zhao joined our Group in March 2002 and was appointed as a deputy general manager in January 2008 and is mainly responsible for operation of property management.

Ms. Zhao has approximately 18 years of experience in property management fields. From April 2001 to August 2001, Ms. Zhao worked as the chief officer of supervision department of Guangdong Zhugang Property Management Co., Ltd. (廣東珠港物業管理有限公司), responsible for business supervision. From October 2001 to March 2002, Ms. Zhao worked as a manager in administrative department of Guangzhou Ourchem Information Consulting Technology Co., Ltd. (廣州奧凱資訊科技有限公司) (currently known as Guangzhou Ourchem Information Consulting Co., Ltd. (廣州奧凱信息諮詢有限公司)), responsible for administrative management. From March 2002 to January 2008, Ms. Zhao served as an assistant of general manager, and adjunct manager of the human resources department of our Company, responsible for property management and human resources related works.

Ms. Zhao obtained her bachelor degree majoring in agriculture from Heilongjiang Bayi Agricultural University (黑龍江八一農墾大學) in July 1996. Ms. Zhao has been qualified as property manager since December 2005.

Mr. Liu Baoyu (劉寶裕), aged 47, is a deputy general manager of our Company. Mr. Liu joined our Group in March 2007 and was appointed as a deputy general manager in January 2012 and is mainly responsible for the operation of property management.

Mr. Liu has over 17 years of experience in property management fields. From July 2000 to July 2003, Mr. Liu worked as a project manager of Guangdong Kangjing Property Services Co., Ltd. (廣東康景物業服務有限公司), responsible for property management related work. Mr. Liu served as a deputy general manager of Guangzhou Huaqiao Property Development Co., Ltd. (廣州市華僑物業發展有限公司) with responsibility for property management related work from July 2003 to May 2005. From March 2007 to January 2012, Mr. Liu has served as a deputy manager of business department and then general manager of quality management centre of the Company, mainly responsible for property management and quality control.

Mr. Liu obtained his bachelor degree majoring in philosophy from Sun Yat-sen University (中山大學) in June 1994. Mr. Liu has also been qualified as an intermediate economist (real-estate economy) since November 1998 and as a property manager since October 2000.

Mr. Zou Fushun (鄒福順), aged 41, is a deputy general manager of our Company. Mr. Zou joined our Group in January 2017 as a deputy general manager since then and is mainly responsible for the operation of property management.

Mr. Zou has approximately 15 years of experience in administrative management. From May 2004 to January 2012, Mr. Zou successively worked in China Poly Group as an assistant manager in the comprehensive affairs department, responsible for administrative affairs, and a manager in the working department for party and the masses, responsible for the work related with construction of relationship with party and masses. From January 2012 to January 2017, Mr. Zou worked as a deputy general manager of Poly (Chongqing) Investment Industry Co., Ltd. (保利(重慶)投資實業有限公司), responsible for administrative affairs and human resources related work.

Mr. Zou obtained his double bachelor degree majoring in ethical and political education and in social work from the China Youth University of Political Studies (中國青年政治學院) (currently part of the University of Chinese Academy of Social Sciences (中國社會科學院大學)) in July 2002 and July 2004, respectively.

Ms. Yang Yang (楊楊), aged 42, is the chief financial officer, secretary of the Board and a joint company secretary of our Company. Ms. Yang joined our Group in June 2018 and was appointed as the chief financial officer in June 2018, responsible for financial management. She was also appointed as secretary of the Board and joint company secretary in April 2019, and is mainly responsible for financial management and the works of company secretary.

Ms. Yang has more than 13 years of experience in financial management fields. From July 2006 to February 2010, Ms. Yang worked as an accountant in Poly Developments and Holdings, responsible for financial accounting. From February 2010 to May 2014, Ms. Yang served as finance manager of Poly Southern China Industry Co., Ltd. (保利華南實業有限公司), responsible for financial accounting and financing analysis. From May 2014 to April 2017, Ms. Yang served as the chief financial officer of Anhui Poly Property Development Co., Ltd. (安徽保利房地產開發有限公司), responsible for financial management. From May 2017 to May 2018, Ms. Yang served as chief accountant of Poly Licheng Co., Ltd. (保利里城有限公司), responsible for financial auditing and accounting.

Ms. Yang obtained her bachelor degree majoring in accounting from adult education school of the Renmin University of the PRC in January 2005. Ms. Yang has also been qualified as a senior accountant in April 2013.

Mr. Yang Wenbo (楊文波), aged 45, is a deputy general manager of our Company. Mr. Yang joined our Group in January 2015 and was appointed as deputy general manager in July 2018 and is mainly responsible for operation of property management.

Mr. Yang has approximately 16 years of experience in engineering and approximately four years of experience in property management fields. Mr. Yang worked as an assistant engineer between July 1997 and December 2003 and an engineer between December 2003 and December 2013 in the People's Liberation Army Air Force. From January 2015 to July 2018, Mr. Yang served as a deputy chief engineer of our Company, mainly responsible for property management.

Mr. Yang obtained his bachelor degree majoring in aircraft engine engineering from Air Force Engineering College (空軍工程學院) (currently known as Air Force Engineering University (空軍工程大學)) in July 1996 and his master degree majoring in management science and engineering from Air Force Engineering College (空軍工程學院) in July 2007. Mr. Yang has been qualified as an engineer in December 2003.

JOINT COMPANY SECRETARIES

Ms. Yang Yang (楊楊), aged 42, was appointed as our joint company secretary in April 2019. For details of biography of Ms. Yang, please refer to "Senior Management" in this section.

Mr. Lau Kwok Yin (劉國賢), aged 34, is our joint company secretary. He was appointed as our joint company secretary in July 2019. Mr. Lau is a manager of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as SW Corporate Services Group Limited). He has over 11 years of experience in corporate secretarial services, finance and banking operations. He holds a Bachelor of Business Administration degree in Accounting and Finance from the University of Hong Kong, and is a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst charterholder.

BOARD COMMITTEES

The Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws, regulations, the Articles of Association and the Listing Rules, we have established the Audit Committee, Remuneration Committee and Nomination Committee.

Audit Committee

We have established our audit committee in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The responsibilities of our audit committee include but are not limited to:

— proposing the appointment, reappointment or removal of an external auditor;

— reviewing and supervising the independence and objectivity of the external auditor and the effectiveness of the auditing procedure in accordance with applicable standards;

— reviewing the financial information of the Company and its disclosure;

— supervising the financing reporting system and risk management and internal control system of the Company; and

— improving the communication between the internal auditor and the external auditor.

Our audit committee comprises Ms. Tan Yan, Mr. Huang Hai, Mr. Hu Zaixin, Mr. Wang Xiaojun and Mr. Wang Peng, and Ms. Tan Yan is the chairlady of our audit committee.

Remuneration Committee

We have established our remuneration committee in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The responsibilities of our remuneration committee include but are not limited to:

— assessing the remuneration system and policies for all Directors and senior management, setting up a standardised and clear procedure to formulate remuneration policies and to make recommendations to the Board;

— studying the remuneration policies and structure of Directors and senior management (including non-monetary income, pension and compensation) and the procedure of formulating remuneration policies and making recommendations to the Board. The procedure for remuneration policies shall be standardised and clear;

— making recommendations on non-executive directors' remuneration to the Board;

— reviewing and approving the compensation arrangement in relation to the dismissal or removal of Directors and senior management due to misconduct and ensuring that such arrangement is in line with the clauses of the related contract; and ensuring the compensation is reasonable and appropriate if there is inconsistency between the clauses of such arrangement and the contract; and

— overseeing the implementation of remuneration system for Directors and senior management.

Our remuneration committee comprises Mr. Wang Xiaojun, Mr. Hu Zaixin, Mr. Li Jiahe, Ms. Tan Yan and Mr. Wang Peng, and Mr. Wang Xiaojun is the chairperson of the Remuneration Committee.

Nomination Committee

We have established our nomination committee in compliance with paragraph A.5 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The responsibilities of our nomination committee include but are not limited to:

— examining the selection standard and procedure, structure, number of members and composition of Directors (including skills, knowledge, experience and diversity) on an annual basis, and making recommendations on any changes for Directors in relation to the strategic development of the Company;

— seeking for qualified candidates of Directors and nominating such candidates or making recommendations to the Board;

— making recommendations on appointment or reappointment and succession plan of Directors; and

— reviewing the independence of our independent non-executive Directors.

Our nomination committee comprises Mr. Huang Hai, Ms. Wu Lanyu, Mr. Wang Xiaojun, Ms. Tan Yan and Mr. Wang Peng, and Mr. Huang Hai is the chairperson of our nomination committee.

Board Diversity Policy

We have adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of our Board that are relevant to our business growth. Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our nomination committee is responsible for ensuring the diversity of our Board. After the Listing, our nomination committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

EMOLUMENT OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We offer our executive Directors, Supervisors (except for Chairman of the Supervisory Committee) and senior managements, who are also employees of the Company, emolument in the form of fees, salaries and bonus, pension costs, housing funds, medical insurances and other social insurances. The independent non-executive Directors receive emolument based on their respective duties and responsibilities (including being members or chairman of Board committees). The remuneration of our non-executive Directors and Chairman of the Supervisory Committee is provided by Poly Developments and Holdings.

For the three years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, the total remuneration paid to our Directors and Supervisors amounted to approximately RMB2.3 million, RMB3.0 million, RMB4.9 million and RMB1.7 million, respectively. For the three years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, the total remuneration paid to our senior management amounted to approximately RMB6.6 million, RMB9.3 million, RMB7.6 million and RMB1.7 million, respectively.

During the Track Record Period, no emolument was paid or undertaken to be paid to any Director or Supervisor by our Company as an inducement to join or upon joining our Company, and save as required by relevant laws and regulations, no compensation was made or undertaken to be made to any Director or then Director as well as Supervisor or then Supervisor for the loss of office as a director of our Company and/or any of our subsidiaries or of any other office in connection with the management of the affairs of our Company or any of our subsidiaries.

During the Track Record Period, no emolument was waived by any of our Directors or Supervisors. Save as disclosed above, no other payment was made or undertaken to be made by any member of our Group to any Director or Supervisor.

For the three years ended 31 December 2018 and the six months ended 30 June 2019, among our five highest paid individuals, there were one, one, two and two Directors. The remuneration paid to the remaining four, four, three and three individuals during the Track Record Period was approximately RMB3.9 million, RMB4.8 million, RMB3.8 million and RMB1.2 million, respectively.

During the Track Record Period, no emolument was paid or undertaken to be paid to the five highest paid individuals of our Company as an inducement to join or upon joining our Company, and save as required under laws and regulations, no compensation was made or undertaken to be made to such individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any member of our Company.

COMPLIANCE ADVISER

We have appointed GF Capital (Hong Kong) Limited as our compliance adviser in compliance with Rule 3A.19 and Rule 19A.05 of the Listing Rules, who will advise us in the following circumstances under Rule 3A.23 of the Listing Rules:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated including share issues and securities repurchases;

(c) where we propose to use the proceeds from the Global Offering in a manner different from that detailed in this prospectus or where our businesses, activities, developments or operating results deviate from any forecast, estimate, or other information in this prospectus; and

(d) where the Hong Kong Stock Exchange makes an inquiry into any extraordinary fluctuation in stock price or trading volume or any other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 19A.06 of the Listing Rules, GF Capital (Hong Kong) Limited shall inform us on a timely basis of any amendment or supplement to the Listing Rules published by the Hong Kong Stock Exchange and any amended supplemented law or guidance applicable to us.

The term of the compliance adviser will commence on the date of the listing and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the date of the Listing.

This section presents certain information regarding our share capital prior to and following the completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, our registered capital and issued share capital was RMB400,000,000, divided into 400,000,000 Domestic Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following completion of the Global Offering, assuming that the Over-allotment Option is not exercised, our share capital is as follows:

Description of Shares	Number of shares	Approximate percentage of issued share capital
Domestic Shares in issue	400,000,000	75%
H Shares to be issued under the Global Offering	133,333,400	25%
Total	533,333,400	100%

Immediately following completion of the Global Offering and assuming that the Over-allotment Option is fully exercised, our share capital is as follows:

Description of Shares	Number of shares	Approximate percentage of issued share capital
Domestic Shares in issue	400,000,000	72.29%
H Shares to be issued under the Global Offering	153,333,400	27.71%
Total	553,333,400	100%

OUR SHARES

Upon completion of the Global Offering, we would have two classes of Shares: Domestic Shares and H Shares. The H Shares in issue following the completion of the Global Offering and the Domestic Shares are ordinary Shares in the share capital of the Company. However, apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong stock exchanges connectivity mechanism (Shanghai-Hong Kong Stock Connect) and the Shenzhen-Hong Kong stock exchanges connectivity mechanism (Shenzhen-Hong Kong Stock Connect) and other persons entitled to hold the Company's H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be subscribed for by, or traded between, legal or natural persons of the PRC. On the other hand, Domestic Shares may only be subscribed for by, and traded between, legal persons of the PRC, certain qualified foreign institution investors and qualified foreign strategic investors. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares, on the other hand, may only be subscribed for and transferred in Renminbi.

Domestic Shares and H Shares are regarded as different classes of shares under our Articles of Association. The differences between Domestic Shares and H Shares, and the provisions on class rights, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of Shareholders, the method of Share transfer, appointment of dividend receiving agents and circumstances under which general meeting and class meeting are required are set out in our Articles of Association and summarised in the "Summary of the Articles of Association" set out in Appendix V to this prospectus. Under our Articles of Association, the rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of the general meeting of Shareholders and by the affected Shareholders at a separate meeting. The circumstances deemed to be a variation or abrogation of the rights of class Shareholders are listed in "Summary of the Articles of Association" in Appendix V to this prospectus.

Please see sections headed "Risk Factors — Risks Relating to the Global Offering — Purchasers of our H Shares in the Global Offering will experience immediate dilution and may experience further dilution if we issue additional Shares in the future" and "Risk Factors — Risks Relating to the Global Offering — Future issues, offers, sales or conversion of our Shares may adversely affect the prevailing market price of our H Shares" in this prospectus.

Our Promoters hold all existing Domestic Shares as promoter shares (as defined in the PRC Company Law). Under the PRC Company Law, shares held by promoters may not be transferred within a period of one year from the date of establishment of the company.

RANKING

Except for the differences set out in the paragraph headed "— Our Shares" above, Domestic Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of Domestic Shares are to be paid by us in Renminbi. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of Domestic Shares, dividends in the form of Shares will be distributed in the form of additional Domestic Shares.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

According to the regulations by the securities regulatory authorities of the State Council and our Articles of Association, the Domestic Shares may be converted into overseas listed foreign shares (H Shares), and such converted Shares may be listed and traded on an overseas stock exchange provided that the conversion, listing and trading of such converted Shares have been approved by the securities regulatory authorities of the State Council. In addition, such conversion, trading and listing shall complete any requisite internal approval process and comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Domestic Shares are to be converted, listed and traded as H Shares on the Hong Kong Stock Exchange, such conversion, listing and trading will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange. We may apply for the listing of all or any portion of the Domestic Shares on the Hong Kong Stock Exchange as H Shares to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the H Share register. Class shareholder voting is not required for the conversion of such Shares or the listing and trading of such converted Shares on an overseas stock exchange.

When the relevant laws and regulations permit, the existing Shareholders, namely Poly Developments and Holdings and Xizang Yingyue, may consider to convert their Domestic Shares into H Shares upon compliance with all necessary regulations, requirements and procedures.

TRANSFER OF SHARES PRIOR TO THE GLOBAL OFFERING

Pursuant to the PRC Company Law, our Shares issued prior to the Listing shall not be transferred within one year from the Listing Date.

REGISTRATION OF SHARES NOT LISTED ON OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 working days upon listing.

THE CORNERSTONE PLACING

The Company has entered into separate cornerstone investment agreements with the following investors (collectively "**Cornerstone Investors**", and each a "**Cornerstone Investor**"), pursuant to which the Cornerstone Investors in aggregate have agreed to subscribe at the Offer Price such number of Offer Shares as may be purchased with an investment amount of US$180 million (approximately HK$1,408.4 million)[1] (the "**Cornerstone Placing**").

Based on the Offer Price of HK$30.70 (being the low end of the Offer Price Range set out in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 45,874,200, representing approximately (i) 8.60% of the total Shares in issue upon the completion of the Global Offering and 34.41% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 8.29% of the total Shares in issue upon completion of the Global Offering and 29.92% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised.

Based on the Offer Price of HK$32.90 (being the mid-point of the Offer Price Range set out in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 42,806,800, representing approximately (i) 8.03% of the total Shares in issue upon the completion of the Global Offering and 32.11% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 7.74% of the total Shares in issue upon completion of the Global Offering and 27.92% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised.

Based on the Offer Price of HK$35.10 (being the high end of the Offer Price Range set out in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 40,123,600, representing approximately (i) 7.52% of the total Shares in issue upon the completion of the Global Offering and 30.09% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 7.25% of the total Shares in issue upon completion of the Global Offering and 26.17% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised.

To the best knowledge of the Company, (i) each of the Cornerstone Investors is an Independent Third Party, is not our connected person (as defined under the Listing Rules), and is not an existing Shareholder nor a close associate of any of our existing Shareholders; (ii) there is no side agreements or arrangements between the Group and each of the Cornerstone Investors for the purpose of the Cornerstone Placing; (iii) it became acquainted with each of the Cornerstone Investors through introduction by the relevant Underwriters in the Global Offering; (iv) none of the Cornerstone Investors are accustomed to take instructions from the Company, the Directors, chief executive of the Company, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates; and (v) none of the subscription of the Offer Shares by the Cornerstone Investors are financed by the Company, the Directors, chief executive, Controlling Shareholders, substantial Shareholders, or existing Shareholders or any of its subsidiaries or their respective close associates.

Note:

1 Calculated based on an exchange rate of US$1.00: HK$7.8242 as described in "Information about this Prospectus and the Global Offering — Exchange Rate Conversion" in this prospectus. The actual investment amount of the relevant Cornerstone Investors may change due to the actual exchange rate to be used as prescribed in the cornerstone investment agreements.

As confirmed by each of the Cornerstone Investors, their subscription under the Cornerstone Placing would be financed by their own internal resources, including but not limited to (a) financial assets of the government; (b) subscription monies from its fund investors in the accounts managed by them and returns on other investments through fund entities; and/or (c) self-owned funds (as the case may be). There are no side arrangements between the Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around 18 December 2019.

The Cornerstone Placing forms part of the International Offering. The Cornerstone Investors conduct their investments in the Company as they are confident in the prospect of the property management industry in the PRC and the Company's business and prospect. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than pursuant to the respective cornerstone investment agreements). Immediately following completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in the Company, nor will any of the Cornerstone Investors become a substantial Shareholder (as defined in the Listing Rules). All Cornerstone Investors will be counted as part of the public float.

Pursuant to the cornerstone investment agreements entered into with each Cornerstone Investor, the delivery of Offer Shares to be subscribed by each of the Cornerstone Investors may be deferred in order to facilitate the stabilisation by the Stabilising Manager as well as to cover over-allocations. Where deferred delivery takes place, the Cornerstone Investors have agreed that they shall nevertheless pay for the relevant Offer Shares on or before the Listing Date.

CORNERSTONE INVESTORS

The Company has entered into cornerstone investment agreements with (i) GIC Private Limited ("**GIC**"), (ii) Gaoling Fund, L.P. and YHG Investment, L.P., (iii) China Structural Reform Fund Co.,Ltd ("**China Structural Reform Fund**") and (iv) CCCC International Holding Limited ("**CCCC International**") in respect of the Cornerstone Placing.

				Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment option is exercised in full	
	Investment Amount	Hong Kong dollar equivalent[1] (HK$)	Total number of Offer Shares to be subscribed by the Cornerstone Investors[2]	Percentage of the total Shares in issue immediately upon completion of the Global Offering (approximate)	Percentage of the total number of Offer Shares (approximate)	Percentage of the total Shares in issue immediately upon completion of the Global Offering (approximate)	Percentage of the total number of Offer Shares (approximate)
Based on the Offer Price of:							
HK$30.70 (being the low-end of the indicative Offer Price Range)							
1. GIC	US$85 million	665.06 million	21,663,000	4.06%	16.25%	3.91%	14.13%
2. Gaoling Fund, L.P. and YHG Investment, L.P.	US$35 million	273.85 million	8,920,000	1.67%	6.69%	1.61%	5.82%
3. China Structural Reform Fund	US$30 million	234.73 million	7,645,600	1.43%	5.73%	1.38%	4.99%
4. CCCC International	US$30 million	234.73 million	7,645,600	1.43%	5.73%	1.38%	4.99%
HK$32.90 (being the mid-point of the indicative Offer Price Range)							
1. GIC	US$85 million	665.06 million	20,214,400	3.79%	15.16%	3.65%	13.18%
2. Gaoling Fund, L.P. and YHG Investment, L.P.	US$35 million	273.85 million	8,323,600	1.56%	6.24%	1.50%	5.43%
3. China Structural Reform Fund	US$30 million	234.73 million	7,134,400	1.34%	5.35%	1.29%	4.65%
4. CCCC International	US$30 million	234.73 million	7,134,400	1.34%	5.35%	1.29%	4.65%
HK$35.10 (being the high-end of the indicative Offer Price Range)							
1. GIC	US$85 million	665.06 million	18,947,400	3.55%	14.21%	3.42%	12.36%
2. Gaoling Fund, L.P. and YHG Investment, L.P.	US$35 million	273.85 million	7,801,800	1.46%	5.85%	1.41%	5.09%
3. China Structural Reform Fund	US$30 million	234.73 million	6,687,200	1.25%	5.02%	1.21%	4.36%
4. CCCC International	US$30 million	234.73 million	6,687,200	1.25%	5.02%	1.21%	4.36%

Note:

1 Calculated based on an exchange rate of US$1.00:HK$7.8242 as described in "Information about this Prospectus and the Global Offering — Exchange Rate Conversion" in this prospectus. The actual investment amount of the relevant Cornerstone Investors may change due to the actual exchange rate to be used as prescribed in the cornerstone investment agreements.

2 The actual number of Offer Shares allocated to each Cornerstone Investor may vary due to the actual exchange rate as determined pursuant to the terms of the cornerstone investment agreements, subject to rounding down to the nearest whole board lot of 200 Offer Shares.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

GIC

GIC is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. With its current portfolio size of more than US$100 billion, GIC is amongst the world's largest fund management companies.

Gaoling Fund, L.P. and YHG Investment, L.P.

Gaoling Fund, L.P. and YHG Investment, L.P. are limited partnerships formed under the laws of the Cayman Islands. Hillhouse Capital Advisors, Ltd. ("**Hillhouse Capital**") serves as the sole investment manager of Gaoling Fund, L.P. and the general partner of YHG Investment, L.P..

Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital invests in the healthcare, consumer, TMT, advanced manufacturing, financial and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage assets on behalf of institutional clients such as university endowments, foundations, sovereign wealth funds, and family offices.

China Structural Reform Fund

China Structural Reform Fund is a company incorporated in the PRC in which the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) indirectly holds approximately 58% of its equity interests via several state-owned enterprises. It is mainly engaged in business including non-public fund raising, equity investment, project investment, capital management, investment consulting and enterprise management consulting. For the purpose of this Cornerstone Placing, China Structural Reform Fund has engaged ICBC Credit Suisse Asset Management Company Limited, an asset manager that is a qualified domestic institutional investor as approved by the relevant PRC authority to subscribe for and hold such Offer Shares on a discretionary basis on behalf of China Structural Reform Fund.

CCCC International

CCCC International is a company incorporated in Hong Kong, and is a subsidiary and the overseas investment platform of China Communications Construction Company Limited ("**CCCC**"). CCCC was established in 2006 under the approval of the State Council. It is a listed company on the Hong Kong Stock Exchange (stock code: 1800) and the Shanghai Stock Exchange (stock code: 601800). According to its 2018 annual report, CCCC is the industry leader in each of its core businesses, namely infrastructure construction, infrastructure design and dredging. Leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken across a wide range of areas over the past six decades, CCCC is capable of providing integrated solutions throughout each stage of infrastructure projects for its customers. CCCC is the world's largest port design and construction company, the world's largest road and bridge design and construction company, and the world's largest dredging company; it is also the largest international contractor, designer and highway investor in China; and CCCC also owns the largest civilian fleet in China.

As confirmed by CCCC International, its shareholder CCCC is not required to obtain shareholders' approval or regulatory approval under the relevant listing rules as stipulated by the Hong Kong Stock Exchange and Shanghai Stock Exchange in relation to the subscription for the Offer Shares by CCCC International.

CONDITIONS PRECEDENT

The obligations of each of the Cornerstone Investors to acquire for Offer Shares under the respective cornerstone investment agreement is subject to, among other things, the following conditions precedent:

(a) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently varied or waived by agreement of the parties thereto) by no later than the time and date as specified in those Underwriting Agreements and the Underwriting Agreements not having been terminated;

(b) the JGC Representatives (for themselves and on behalf of the Hong Kong Underwriters) and the Company having determined the Offer Price in accordance with the Underwriting Agreements;

(c) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Offer Shares (including the Offer Shares under the Cornerstone Placing, as well as any other applicable waivers), and that such waiver, permission or approval not having been revoked prior to the commencement of dealings in the Offer Shares on the Hong Kong Stock Exchange;

(d) the representations, warranties, undertakings and acknowledgements of the Cornerstone Investor and the Company are accurate and true and not misleading and there being no material breach of the relevant cornerstone investment agreement on the part of the Cornerstone Investor; and

(e) no laws having been enacted or promulgated by any Governmental Authority (as defined in the relevant cornerstone investment agreement) which prohibits the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering, or the cornerstone investment agreement and there shall be no effective orders nor injunctions from a court of competent jurisdiction having been in effect precluding or prohibiting consummation of such transactions.

RESTRICTIONS ON THE CORNERSTONE INVESTORS' INVESTMENT

Each of the Cornerstone Investors has agreed that unless it has obtained prior written consent of each of the Company, the Joint Sponsors and the relevant underwriter, it will not, at any time during the period of six (6) months from and inclusive of the Listing Date (the "**Lock-up Period**"), whether directly or indirectly, (a) dispose of (as defined in the relevant cornerstone investment agreement) any of the relevant Offer Shares, any shares or interest in any company or entity holding any of the relevant Offer Shares, or (b) agree or contract to, or publicly announce any intention to enter into any such transaction described above, or (c) allow itself to undergo a change of control (as defined in the Hong Kong Takeovers Code) at the level of its ultimate beneficial owner, or (d) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transactions.

You should read the following discussion of our financial condition and results of operations in conjunction with our consolidated financial statements and related notes set out in the Accountants' Report included in Appendix I to this prospectus. The Accountants' Report contains our audited consolidated financial statements as at and for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019. Our consolidated financial statements have been prepared in accordance with HKFRSs, which may differ in material respects from generally accepted accounting principles in other jurisdictions. This discussion contains forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those described in the section headed "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are a leading comprehensive property management service provider in China with extensive property management scale and state-owned background, ranking fourth by China Index Academy in 2019 among the Top 100 Property Management Companies in China in terms of overall strength. Since 2014, we have been ranked by China Index Academy within the top five among the Top 100 Property Management Companies in China, and ranked first among the Top 100 Property Management Companies in China with state-owned background, respectively, in terms of overall strength. Our brand was valued at more than RMB9.0 billion for 2018, according to China Index Academy. We have been providing property management services in China for more than 23 years with a focus on first-tier and second-tier cities covering the five national-level urban agglomerations in China, according to China Index Academy. As at 30 June 2019, our total contracted GFA reached 454.9 million sq.m. covering 148 cities across 27 provinces, municipalities and autonomous regions in China and we managed 846 properties in China as at 30 June 2019, including 565 residential communities and 281 non-residential properties, with an aggregate GFA under management of 260.3 million sq.m. Our property management services cover a wide range of property types, including residential communities, commercial and office buildings and public and other properties (such as schools, scientific research institutions, industrial parks, public service facilities and towns). In addition to property management services, we provided during the Track Record Period value-added services to non-property owners, such as pre-delivery services to property developers, and a variety of community value-added services to property owners and residents of the properties we manage. In pursuit of our corporate culture magnifying pragmatism and excellence, we have been, and endeavour to, provide our customers with standardised and high-quality services to serve customers' evolving needs.

BASIS OF PREPARATION

Our consolidated financial statements for the Track Record Period have been prepared in accordance with accounting policies which conform with all applicable HKFRSs issued by HKICPA. Our consolidated financial statements for the Track Record Period also comply with the applicable disclosure requirements of the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The HKICPA has issued a number of new or revised HKFRSs which are relevant to our Group and became effective during the Track Record Period. For the purpose of preparing and presenting the historical financial information, we have consistently adopted HKFRS 9 *Financial Instruments,* HKFRS 15 *Revenue from Contracts with Customers* and HKFRS 16 *Leases* effective on 1 January 2016 throughout the Track Record Period.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by a number of factors, including those factors set out in the section headed "Risk Factors" in this prospectus and those set out below:

Our GFA under Management

Our financial position and results of operations are affected by the GFA under management for our property management business. During the Track Record Period, we generated a majority of our revenue from our property management services, which accounted for 74.3%, 74.7%, 68.8% and 64.6% of our total revenue for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. Accordingly, our revenue growth depends on our ability to maintain and grow our GFA under management, which in turn is affected by our ability to renew existing property management service contracts and secure new service contracts. During the Track Record Period, we experienced a continuing growth in our GFA under management, which was 81.8 million sq.m., 106.2 million sq.m., 190.5 million sq.m. and 260.3 million sq.m., respectively, as at 31 December 2016, 2017 and 2018 and 30 June 2019. Of our total GFA under management, properties developed by Poly Developments and Holdings Group (including its joint ventures and associates) accounted for 91.9%, 86.1%, 57.4% and 43.1% as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively. We have been spending efforts to expand our provision of property management services to properties from other sources of projects, in order to gain additional revenue sources and diversify our property management portfolio. We have been experiencing a steady growth in our GFA under management from other sources of projects during the Track Record Period, which accounted for 8.1%, 13.9%, 42.6% and 56.9% of our total GFA under management as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively. Our ability to manage other sources of projects will complement our services provided to properties developed by Poly Developments and Holdings Group and drive the continuing growth of our revenue and profits.

Business Mix

Our business and results of operations are affected by our business mix. Our profit margins vary across different business lines, namely property management services, value-added services to non-property owners and community value-added services. Any change in the structure of revenue contribution from our business lines or change in profit margin of any business line may have a corresponding impact on our overall profit margin. The following tables set out the breakdowns of our gross profit and gross profit margin by business line for the Track Record Period:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (Unaudited)	%	*RMB'000*	%
Property management services	250,673	13.1	332,633	13.7	409,625	14.1	229,765	18.0	330,753	18.1
Value-added services to non-property owners	64,213	16.1	100,562	20.0	140,203	20.1	68,158	20.1	97,611	21.3
Community value-added services	113,577	43.8	147,595	46.2	301,450	48.4	144,949	48.5	238,154	44.1
Total	**428,463**	**16.7**	**580,790**	**17.9**	**851,278**	**20.1**	**442,872**	**23.1**	**666,518**	**23.6**

In general, gross profit margins for our community value-added services are significantly higher than the gross profit margin for our other business lines, in particular, property management services which are relatively more labour-intensive. As a result, our overall gross profit margin increased during the Track Record Period due to, in part, the increasing contribution from our community value-added services. The majority of our revenue was and will likely continue to be derived from our property management services for the Track Record Period and going forward. Meanwhile, we strive to maintain or improve our overall gross profit margin in the long term as (i) we endeavour to increase the prices we charge for our services, (ii) we seek to control our cost of services through our efforts in standardisation, digitisation and smart management, and (iii) we continue to expand our value-added services, in particular, our community value-added services. For more details regarding the fluctuation in our gross margins during the Track Record Period, please see "— Description of selected consolidated statements of profit or loss and other comprehensive income line items — Gross Profit and Gross Profit Margin".

Branding Positioning and Pricing of Services

Our financial condition and results of operations are affected by our ability to maintain or increase the fee rates we charge for our services, which is, in part, affected by our brand recognition and industry leadership position. We have leveraged on our brand for market recognition during the Track Record Period. According to China Index Academy, we are a leading property management service provider in the PRC. We generally price our property management services by taking into account a number of factors, including (i) the types and locations of the properties; (ii) the scope and quality of the services proposed; (iii) our budgeted expenses; (iv) our targeted profit margins; (v) profiles of property owners and residents; (vi) local government's guidance price on property management fees (where applicable); and (vii) the pricing of comparable properties. Pricing of our services sufficiently and competitively while ensuring our service quality and an attractive profit margin is key to our financial condition and results of operations.

For illustration purposes only, we set out below a sensitivity analysis of our profit for the year or period with reference to the fluctuation of average property management fees during the Track Record Period. The following table demonstrates the impact of the hypothetical decreases in average property management fees on our revenue and profit from property management services, while all other factors remain unchanged:

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Total profit for the year/period	149,175	224,682	336,067	215,423	320,771
Assuming 5% decrease in our average property management fees					
Impact on revenue from our property management services	(95,313)	(120,958)	(145,475)	(63,895)	(91,149)
Impact on profit for the year/period	(71,485)	(90,718)	(109,107)	(47,921)	(68,362)
Assuming 10% decrease in our average property management fees					
Impact on revenue from our property management services	(190,626)	(241,915)	(290,951)	(127,789)	(182,298)
Impact on profit for the year/period	(142,970)	(181,436)	(218,213)	(95,842)	(136,723)

We strive to maintain or raise our property management fee rates when renewing the expiring property management service contracts to maintain or improve our profit margin in response to the enhancements to the standard or scope of our property management services and increases in our costs. Our ability to raise our fee rates will be impacted by our ability to uphold and enhance our brand recognition and industry position.

Ability to Manage Staff Costs and Expenses and Sub-contracting Costs

Our results of operations are affected by our ability to manage our staff costs and expenses. During the Track Record Period, staff costs are the largest component of our cost of services which amounted to RMB1,156.8 million, RMB1,571.3 million, RMB1,879.7 million and RMB1,194.7 million, respectively, accounting for 54.2%, 59.1%, 55.6% and 55.4% of our cost of services for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. Staff salaries and benefits are also the largest component of our administrative expenses for the Track Record Period, which amounted to RMB152.3 million, RMB205.9 million, RMB298.9 million and RMB187.4 million, respectively, accounting for 63.2%, 67.0%, 72.0% and 76.5% of our administrative expenses for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. The general increases over the Track Record Period in staff costs and expenses was mainly attributable to our expansion of business, increases in minimum wages and the market price for labour in China.

We have also outsourced certain services such as cleaning, greening, gardening, elevator maintenance services to third-party service providers as our sub-contractors. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our sub-contracting costs amounted to RMB509.4 million, RMB605.7 million, RMB818.3 million and RMB519.1 million, respectively, accounting for 23.9%, 22.7%, 24.3% and 24.1% of our total cost of services, respectively. The increases in sub-contracting costs during the Track Record Period were mainly attributable to the increase in our GFA under management as well as the general increase in sub-contracting fees charged by our sub-contractors which mainly reflected an increase in labour costs of our sub-contractors. To cope with the rising labour cost, we have implemented a number of cost-saving measures, including standardisation of procedures, smart management to reduce our reliance on manual labour and manage our staff costs and expenses and sub-contracting costs while ensuring consistent service quality. For more details about our cost-saving measures, see "Business — Standardisation, Digitisation and Smart Management".

Competition

The property management industry in the PRC is highly competitive and fragmented with numerous market participants. As a reputable player with a large and extensive property management portfolio, our property management services primarily compete against large national and regional property management companies in the PRC. Our value-added services compete against other property management companies as well as relevant industry participants providing similar services. In 2019, we were ranked fourth by China Index Academy among the Top 100 Property Management Companies in China in terms of overall strength. We believe that the principal competitive factors include, among others, operation scale, price and quality of services, brand recognition and financial resources. Our ability to compete effectively with our competitors and maintain or improve our market position depends on our ability to solidify our competitive strengths. If we fail to compete and expand our GFA under management, we may lose market position in our principal business lines and our revenue and profitability may decrease. For more details about the industry and markets that we operate in, see "Industry Overview".

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management to make subjective and complex judgements based on information and financial data that may change in future periods. When reviewing our consolidated financial statements, you should consider (i) our significant accounting policies, (ii) the judgements and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions, where applicable. We set out below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgements used in the preparation of our consolidated financial statements. Our significant accounting policies, judgements and estimates, which are important for an understanding of our financial condition and results of operations, are set out in further details in Note 3 and Note 4 to the Accountants' Report in Appendix I to this prospectus.

We adopted a full retrospective application of HKFRS 15 "Revenue from Contracts with Customers" (which replaces the previous revenue standards HKAS 18 "Revenue" and HKAS 11 "Construction Contracts", and the related interpretation on revenue recognition) and HKFRS 9 "Financial Instruments" (which replaces the whole of HKAS 39 "Financial Instruments: recognition and measurement"), which have been applied on a consistent basis throughout the Track Record Period. We consider that the adoption of HKFRS 15 and HKFRS 9 as compared to the requirements of HKAS 18 and HKAS 39 would not have significant impact on our financial position and performance for the Track Record Period. With respect to HKFRS 16 "Leases" adopted by our Group throughout the Track Record Period, there was no material impact of the adoption of HKFRS 16 on our Group's key financial ratios and financial position and performance for the Track Record Period.

Revenue Recognition

Revenue from property management services (including property management services on a lump sum basis or commission basis), value-added services to non-property owners and community value-added services is recognised in an accounting period in which the relevant services are rendered.

For property management services, we bill a fixed amount on a monthly basis for services provided and recognise as revenue in the amount to which we have a right to invoice, and that corresponds directly with the value of performance completed. For property management services income from properties managed on a lump sum basis, where we act as principal and are responsible for providing the property management services to the customers, we recognise the property management fee received or receivable from these customers as our revenue and all related property management costs as our cost of services. For property management services income from properties managed on a commission basis, we recognise the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property units, as our revenue for arranging and monitoring the services as provided by other suppliers to such property units.

For value-added services to non-property owners, we agree to the price for each service with the customers, such as property developers, upfront and issue the bill to the customers generally on a monthly basis which varies based on the actual level of service completed in that month.

For community value-added services, revenue is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

For trade receivables from third parties, we apply the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Deposits, trade and other receivables due from related parties are considered to have low credit risk, and thus the impairment provision recognised during the period was limited to 12 months expected losses. For other receivables from third parties, we adopted a "three-stage" model for impairment based on changes in credit quality since initial recognition under which: (i) receivable is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by us; (ii) if a significant increase in credit risk since initial recognition is identified, the receivables is moved to "Stage 2" but is not yet deemed to be credit impaired; (iii) if the receivables is credit-impaired, the financial instrument is then moved to "Stage 3". Receivables in Stage 1 have their expected credit loss measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their expected credit loss measured based on expected credit losses on a lifetime basis.

When measuring expected credit loss, we consider forward-looking information. Lifetime expected credit losses are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating expected credit losses is the maximum contractual period over which we are exposed to credit risk.

The impairment of trade and other receivables are based on assumptions about risk of default and expected credit loss rates. We adopt judgement in making these assumption and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at end of reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and impairment losses in the periods in which such estimate has been changed.

Current and deferred income tax

We are subject to income tax in the PRC. Income tax for the year or period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amount of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year or period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Significant judgement is required on the interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognise liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses and unabsorbed depreciation allowances to the extent that it is probable that future taxable profits would be available against which the losses and other deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

Intangible Assets

During the Track Record Period, our intangible assets arose from our acquisition of certain of our subsidiaries, which comprised of goodwill and property management contracts.

Goodwill

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

We test annually whether goodwill has suffered any impairment. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of estimates. Judgement is required to determine key assumptions adopted in the valuation models for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect our financial condition and results of operations. If there is a significant adverse change in the key assumption applied, it may be necessary to take additional impairment charge to the consolidated statements of comprehensive income.

Property management contracts

Property management contracts acquired in a business combination are recognised at fair value at the acquisition date. The property management contracts have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the contracts, which is nine years. Intangible assets arising from these property management contracts with finite lives are tested for impairment when there is an indication that an asset may be impaired.

DESCRIPTION OF SELECTED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME LINE ITEMS

The following table sets out our selected consolidated statements of profit or loss and other comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year ended 31 December						Six months ended 30 June			
	2016		2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Revenue	2,564,187	100.0	3,240,334	100.0	4,229,378	100.0	1,915,794	100.0	2,822,020	100.0
Cost of services	(2,135,724)	(83.3)	(2,659,544)	(82.1)	(3,378,100)	(79.9)	(1,472,922)	76.9	(2,155,502)	76.4
Gross profit	428,463	16.7	580,790	17.9	851,278	20.1	442,872	23.1	666,518	23.6
Other income and other net gain/(loss)	22,874	0.9	30,988	1.0	26,638	0.6	4,851	0.3	6,589	0.2
Administrative expenses	(240,904)	(9.4)	(307,292)	(9.5)	(415,266)	(9.8)	(153,048)	(8.0)	(245,009)	(8.7)
Share of associates'/joint ventures' results	(235)	(0.0)	1,237	0.0	4,607	(0.1)	2,180	0.1	10,002	0.4
Finance cost	(339)	(0.0)	(399)	(0.0)	(823)	(0.0)	(329)	(0.0)	(435)	(0.0)
Other expense	(2,553)	(0.1)	(2,059)	(0.1)	(3,621)	(0.1)	(751)	(0.0)	(513)	(0.0)
Profit before income tax expense	207,306	8.1	303,265	9.4	462,813	10.9	295,775	15.4	437,152	15.5
Income tax expense	(58,131)	(2.3)	(78,583)	(2.4)	(126,746)	(3.0)	(80,352)	4.2	(116,381)	4.1
Profit for the year/period	149,175	5.8	224,682	6.9	336,067	7.9	215,423	11.2	320,771	11.4

Revenue

During the Track Record Period, we derived our revenue from the following three business lines:

(i) Property management services, which primarily included property management fees for providing security, cleaning, greening, gardening and repair and maintenance services and accounted for 74.3%, 74.7%, 68.8% and 64.6%, respectively, of our total revenue for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019;

(ii) Value-added services to non-property owners (which primarily included pre-delivery services) and accounted for 15.6%, 15.4%, 16.5% and 16.3%, respectively, of our total revenue for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019; and

(iii) Community value-added services, which included community living services and community asset value-added services, and accounted for 10.1%, 9.9%, 14.7% and 19.1%, respectively, of our total revenue for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019.

The following table sets out the breakdown of our total revenue by business line for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Property management services	1,906,262	74.3	2,419,151	74.7	2,909,508	68.8	1,277,893	66.7	1,822,975	64.6
Value-added services to non-property owners	398,836	15.6	501,984	15.4	696,502	16.5	339,096	17.7	458,646	16.3
Community value-added services	259,089	10.1	319,199	9.9	623,368	14.7	298,805	15.6	540,399	19.1
Total revenue	**2,564,187**	**100.0**	**3,240,334**	**100.0**	**4,229,378**	**100.0**	**1,915,794**	**100.0**	**2,822,020**	**100.0**

Revenue from property management services

Revenue from property management services increased during the Track Record Period, primarily driven by the increase in the GFA under management as a result of our business expansion. Our GFA under management as at 31 December 2016, 2017 and 2018 and 30 June 2019 was 81.8 million sq.m., 106.2 million sq.m., 190.5 million sq.m. and 260.3 million sq.m., respectively. During the Track Record Period, we charged property management fees primarily on a lump sum basis, with a limited amount of our revenue from property management services generated on a commission basis. The following table sets out the breakdown of our revenue from property management services by revenue model for the periods indicated:

	Year ended 31 December						For the six months ended 30 June			
	2016 Revenue		2017 Revenue		2018 Revenue		2018 Revenue		2019 Revenue	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Lump sum basis	1,892,922	99.3	2,400,258	99.2	2,887,745	99.3	1,268,298	99.2	1,810,393	99.3
Commission basis	13,340	0.7	18,893	0.8	21,763	0.7	9,595	0.8	12,582	0.7
Total	**1,906,262**	**100.0**	**2,419,151**	**100.0**	**2,909,508**	**100.0**	**1,277,893**	**100.0**	**1,822,975**	**100.0**

During the Track Record Period, a majority of our revenue from property management services was derived from residential communities, which accounted for 86.0%, 85.2%, 79.2% and 74.9%, respectively, of our revenue from property management services for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019. The general decrease in percentage of revenue from management of residential communities to the total revenue from our property management services during the Track Record Period primarily reflected our continuous efforts to diversify the types of properties we managed and expand our property management portfolio to cover non-residential properties such as commercial properties, office buildings, schools and other public properties. The following table sets out the breakdown of our revenue from property management services by property type for the periods indicated:

	Year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
Residential communities	1,639,697	86.0	2,061,634	85.2	2,305,547	79.2	1,057,695	82.8	1,364,616	74.9
Non-residential properties										
– Commercial and office buildings	257,093	13.5	320,270	13.3	381,008	13.1	173,911	13.6	241,934	13.2
– Public and other properties	9,472	0.5	37,247	1.5	222,953	7.7	46,287	3.6	216,425	11.9
	266,565	14.0	357,517	14.8	603,961	20.8	220,198	17.2	458,359	25.1
Total	**1,906,262**	**100.0**	**2,419,151**	**100.0**	**2,909,508**	**100.0**	**1,277,893**	**100.0**	**1,822,975**	**100.0**

The following table sets out the breakdown of our revenue from property management services by geographic region for the periods indicated:

	Year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
Southern China(1)	640,857	33.6	761,694	31.5	910,118	31.3	433,209	33.9	576,519	31.6
Eastern China(2)	286,874	15.0	412,531	17.1	512,156	17.6	205,177	16.1	339,510	18.6
Central China(3)	256,583	13.5	321,439	13.2	439,445	15.1	155,195	12.1	300,089	16.5
Southwestern China(4)	301,851	15.8	367,848	15.2	412,091	14.2	200,341	15.7	240,458	13.2
Northern China(5)	258,918	13.6	318,765	13.2	380,841	13.1	169,143	13.2	214,281	11.8
Northeastern China(6)	148,368	7.8	202,729	8.4	210,673	7.2	95,670	7.5	119,445	6.6
Northwestern China(7)	12,811	0.7	34,145	1.4	44,184	1.5	19,158	1.5	32,673	1.7
Total	**1,906,262**	**100.0**	**2,419,151**	**100.0**	**2,909,508**	**100.0**	**1,277,893**	**100.0**	**1,822,975**	**100.0**

Notes:

(1) "Southern China" refers to Guangdong province, Guangxi autonomous region and Hainan province.

(2) "Eastern China" refers to Shanghai, Jiangsu province, Zhejiang province, Anhui province, Fujian province, Jiangxi province and Shandong province.

(3) "Central China" refers to Hubei province, Hunan province and Henan province.

(4) "Southwestern China" refers to Chongqing, Sichuan province and Guizhou province.

(5) "Northern China" refers to Beijing, Tianjin, Hebei province, Shanxi province and Inner Mongolia autonomous region.

(6) "Northeastern China" refers to Liaoning province and Jilin province.

(7) "Northwestern China" refers to Shannxi province, Gansu province and Xinjiang autonomous region.

The following table sets out the breakdowns of our revenue generated from property management by source of projects and stage of projects for the periods indicated:

	Year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Properties developed by Poly Developments and Holdings Group(1)										
– Preliminary stage for residential properties(2)	1,570,525	82.3	1,927,390	79.6	2,083,915	71.7	978,008	76.5	1,216,658	66.7
– Property owners' association stage for residential properties(3)	56,275	3.0	88,585	3.7	134,999	4.6	46,243	3.6	61,374	3.4
– Non-residential properties(4)	254,017	13.4	304,415	12.6	358,606	12.3	166,525	13.1	231,047	12.7
Subtotal	1,880,817	98.7	2,320,390	95.9	2,577,520	88.6	1,190,776	93.2	1,509,079	82.8
Other sources of projects(5)										
– Preliminary stage for residential properties(2)	9,527	0.5	33,905	1.4	62,235	2.1	23,574	1.8	64,575	3.5
– Property owners' association stage for residential properties(3)	3,370	0.2	11,754	0.5	24,398	0.8	9,870	0.8	22,009	1.2
– Non-residential properties(4)	12,548	0.6	53,102	2.2	245,355	8.5	53,673	4.2	227,312	12.5
Subtotal	25,445	1.3	98,761	4.1	331,988	11.4	87,117	6.8	313,896	17.2
Total	**1,906,262**	**100.0**	**2,419,151**	**100.0**	**2,909,508**	**100.0**	**1,277,893**	**100.0**	**1,822,975**	**100.0**

Notes:

(1) For purposes of the above table, "properties developed by Poly Developments and Holdings Group" refers to properties developed, solely or jointly with other parties, by members of Poly Developments and Holdings Group (including its joint ventures and associates).

(2) Refers to preliminary property management service contracts entered into with property developers for the management of residential properties.

(3) Refers to property management service contracts entered into with property owners' associations for the management of residential properties.

(4) Refers to property management service contracts entered into with customers for the management of non-residential properties.

(5) Other sources of projects refer to (i) property developers other than Poly Developments and Holdings Group (including its joint ventures and associates) and (ii) property owners of certain of public and other properties (such as schools and public service facilities).

Revenue from value-added services to non-property owners

During the Track Record Period, we provided value-added services to non-property owners (mainly property developers), including (i) pre-delivery services to property developers to assist with their sales and marketing activities at property sales venues and display units, and (ii) other value-added services to non-property owners, such as consultancy, inspection, delivery and commercial operation services. The following table sets out the breakdown of our revenue from value-added services to non-property owners by service type for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Pre-delivery services	326,389	81.8	421,058	83.9	565,568	81.2	292,576	86.3	358,633	78.2
Other value-added services to non-property owners	72,447	18.2	80,926	16.1	130,934	18.8	46,520	13.7	100,013	21.8
Total	**398,836**	**100.0**	**501,984**	**100.0**	**696,502**	**100.0**	**339,096**	**100.0**	**458,646**	**100.0**

Revenue from community value-added services

During the Track Record Period, we provided community value-added services to property owners and residents of our managed properties to mainly address their life-style and daily needs which included: (i) community living services, and (ii) community asset value-added services. The following table sets out the breakdown of our revenue from community value-added services by services type for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Community living services	205,631	79.4	248,749	77.9	451,624	72.4	232,398	77.8	416,838	77.1
Community asset value-added services	53,458	20.6	70,450	22.1	171,744	27.6	66,407	22.2	123,561	22.9
Total	**259,089**	**100.0**	**319,199**	**100.0**	**623,368**	**100.0**	**298,805**	**100.0**	**540,399**	**100.0**

Cost of Services

Our cost of services represents costs directly attributable to the provision of our services and comprises (i) staff cost of our on-site staff directly providing property management services and value-added services, (ii) sub-contracting cost for outsourced services, such as cleaning, greening and elevator maintenance services, (iii) common area facility cost, such as maintenance cost and utilities for these facilities, (iv) raw material cost for community value-added services, repair and maintenance materials and consumables, (v) depreciation and amortisation, (vi) taxes and surcharges, and (vii) other cost, such as office, communications and utilities cost for our on-site staff and cost of community activities. The following table sets out the breakdown of cost of services for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Staff cost	1,156,838	54.2	1,571,320	59.1	1,879,708	55.6	837,530	56.9	1,194,661	55.4
Sub-contracting cost	509,375	23.9	605,695	22.7	818,319	24.3	364,760	24.8	519,117	24.1
Common area facility cost	199,369	9.3	241,647	9.1	315,770	9.3	134,068	9.1	169,713	7.9
Raw material cost	38,843	1.8	53,479	2.0	74,005	2.2	30,614	2.1	149,475	6.9
Depreciation and amortisation	11,413	0.5	12,185	0.5	20,425	0.6	7,743	0.5	12,815	0.6
Taxes and surcharges[(1)]	63,711	3.0	16,396	0.6	20,722	0.6	9,225	0.6	14,011	0.7
Other cost	156,175	7.3	158,822	6.0	249,151	7.4	88,982	6.0	95,710	4.4
Total cost of services	**2,135,724**	**100.0**	**2,659,544**	**100.0**	**3,378,100**	**100.0**	**1,472,922**	**100.0**	**2,155,502**	**100.0**

Note:

(1) China gradually reformed its tax regime for goods and services and replaced business taxes with value added taxes for many industries in the last few years. In May 2016, the tax reform was applied to the service sector, pursuant to which our business taxes were replaced by value added taxes. Accordingly, we experienced a decline in our taxes and surcharges in cost of services in 2017 as compared to 2016, as our business taxes included in our cost of services have been replaced by value added tax, which was not included in our cost of services. For details, see "Appendix III — Taxation and Foreign Exchange — Chinese Laws and Regulations relating to Taxes — (iii) Value-added Tax".

The following table sets out the breakdown of our cost of services by business line for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Property management services	1,655,589	77.5	2,086,518	78.5	2,499,883	74.0	1,048,128	71.2	1,492,222	69.2
Value-added services to non-property owners	334,623	15.7	401,422	15.1	556,299	16.5	270,938	18.4	361,035	16.7
Community value-added services	145,512	6.8	171,604	6.4	321,918	9.5	153,856	10.4	302,245	14.1
Total cost of services	**2,135,724**	**100.0**	**2,659,544**	**100.0**	**3,378,100**	**100.0**	**1,472,922**	**100.0**	**2,155,502**	**100.0**

Gross Profit and Gross Profit Margin

Our overall gross profit margins are affected by our business mix and cost of services. The following table sets out the breakdown of our gross profit and gross profit margin by business line for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (Unaudited)	%	*RMB'000*	%
Property management services	250,673	13.1	332,633	13.7	409,625	14.1	229,765	18.0	330,753	18.1
Value-added services to non-property owners	64,213	16.1	100,562	20.0	140,203	20.1	68,158	20.1	97,611	21.3
Community value-added services	113,577	43.8	147,595	46.2	301,450	48.4	144,949	48.5	238,154	44.1
Total	**428,463**	**16.7**	**580,790**	**17.9**	**851,278**	**20.1**	**442,872**	**23.1**	**666,518**	**23.6**

The gross profit margin for our property management services increased during the Track Record Period mainly due to our increased average property management fees for residential communities, together with improved cost efficiency as a result of enhanced cost control measures and economies of scale. The gross profit margin for our value-added services to non-property owners generally increased during the Track Record Period mainly as a result of the increase in our operational efficiency and the economies of scale as a result of the increased number of pre-delivery services projects. The gross profit margin for our community value-added services generally increased during the Track Record Period from 2016 to 2018 primarily because of economies of scale as our property management scale and customer base expanded. The gross profit margin of our community value-added services decreased from 48.5% in the first half of 2018 to 44.1% in the first half of 2019 mainly due to an increase in raw material cost in connection with our community value-added services, in particular, the turnkey furnishing and move-in services that we increasingly provided in 2019. Our overall gross profit margin increased during the Track Record Period mainly due to the increase of gross profit margin for our property management services and the increasing contribution from our community value-added services which had a considerably higher gross profit margin as compared to our other services.

For our property management business, our gross profit margin for property management of projects developed by Poly Developments and Holdings Group (including its joint ventures and associates) was 13.2%, 13.8%, 14.2% and 19.2% for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively, and our gross profit margin for property management of other sources of projects was 11.7%, 12.1%, 13.1% and 13.1% for the respective periods.

Other Income and Other Net Gain or Loss

Other income mainly includes: (i) bank interest income, (ii) other interest income, (iii) government grants mainly representing financial support received from local government as an incentive for business development with no unfulfilled conditions attached to them, (iv) default penalties of suppliers for not performing in accordance with suppliers' contracts and late fee from customers for outstanding property management fees, and (v) gain on disposal of investment properties consisting of carpark spaces.

Other net gain or loss mainly includes: (i) loss on disposal of property, plant and equipment (such as office equipment and vehicles), (ii) loss on disposal of financial assets at fair value through other comprehensive income ("**FVTOCI**") with respect to unlisted equity investments, (iii) reversal of impairment or impairment loss on trade receivables, (iv) reversal of impairment or impairment loss on other receivables, and (v) impairment loss on investment in associates or joint ventures in relation to our associate Guangdong Xinzhihui Technology Co., Ltd..

The following table sets out the breakdown of other income and other net gain or loss for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Other income:					
– Bank interest income	6,961	10,881	9,279	7,727	2,243
– Other interest income	4,631	—	7,280	—	7,540
– Government grants	1,838	2,789	4,013	2,205	4,505
– Penalty income	1,046	1,805	2,513	682	608
– Gain on disposal of investment properties	—	20,108	4,051	—	1,256
– Others	165	272	702	146	371
Subtotal	14,641	35,855	27,838	10,760	16,523
Other net gain/(loss):					
– Loss on disposal of property, plant and equipment	(311)	(97)	(113)	(4)	(88)
– Loss on disposal of financial assets at FVTOCI	—	—	(56)	(56)	—
– Reversal of impairment/ (impairment loss) on trade receivables	2,388	(2,396)	1,785	(4,305)	(7,149)
– Reversal of impairment/ (impairment loss) on other receivables	6,624	(1,851)	(2,816)	(1,544)	(2,697)
– Impairment loss on investment in associates/ joint ventures	(468)	(523)	—	—	—
Subtotal	8,233	(4,867)	(1,200)	(5,909)	(9,934)
Total	**22,874**	**30,988**	**26,638**	**4,851**	**6,589**

Other interest income included:

- interest income of RMB4.6 million for the year ended 31 December 2016 from amounts due from Poly Developments and Holdings Group for satisfying the temporary operating cash needs of certain of its subsidiaries, which were unsecured, interest-bearing in accordance with prevailing market rates and repayable on demand, and were fully settled as at 31 December 2016;

- interest income of RMB0.01 million for the six months ended 30 June 2019 from amount of RMB1.2 million due from Guangdong Xinzhihui Technology Co., Ltd., our associate and a subsidiary of Poly Developments and Holdings Group. Such amount was provided by us as a shareholder in proportion to our shareholding in Guangdong Xinzhihui Technology Co., Ltd. to support its business development and was unsecured, interest-bearing in accordance with prevailing market rates and repayable on demand. As at the Latest Practicable Date, the aforementioned amount due from Guangdong Xinzhihui Technology Co., Ltd. was RMB1.2 million;

- interest income of RMB0.1 million and RMB0.5 million for the year ended 31 December 2018 and the six months ended 30 June 2019, respectively, from amount of RMB22.0 million due from Zhuhai Hele Education Co., Ltd., an education service provider in China and an investee company in which we had a 15% equity interest as at the Latest Practicable Date. Such amount was provided by us as a shareholder in proportion to our shareholding in Zhuhai Hele Education Co., Ltd. to support its initial business development and was unsecured, interest-bearing in accordance with prevailing market rates and repayable on demand. As at the Latest Practicable Date, the aforementioned amount due from Zhuhai Hele Education Co., Ltd. was RMB22.0 million; and

- interest income of RMB21,275, nil, RMB7.1 million and RMB7.1 million for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019 representing interest received from the deposit maintained with Poly Finance Company Limited, a subsidiary of China Poly Group and a financial institution engaging in financial services, which deposit was unsecured, interest-bearing in accordance with prevailing market rates and repayable on demand or with a 7-day notice. As at 30 June 2019, the balance of such deposit was RMB985.8 million. For further details, see "Connected Transactions — (C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements — 3. Deposit Service Framework Agreement".

Administrative Expenses

Administrative expenses include (i) salaries and benefits of our staff such as management, operations management, administration, human resources and finance staff at subsidiaries, branch offices and headquarters levels, (ii) office and travelling expenses, (iii) operating lease expenses representing rental and property management fee expenses of our operating leases in the PRC, (iv) bank charges, (v) professional fees such as auditors' remuneration and professional service fees for legal counsels and tax consultants, (vi) business entertainment expenses, (vii) software development fees, (viii) depreciation and amortisation, (ix) security fund for disabled, (x) taxes and surcharges, (xi) listing expenses, and (xii) other miscellaneous administrative expenses. The following table sets out the breakdown of administrative expenses for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Staff salaries and benefits	152,325	205,874	298,895	105,163	187,371
Office and travelling expenses	23,778	32,175	36,509	15,280	14,238
Operating lease expenses	5,508	7,877	16,902	7,619	7,819
Bank charges	9,192	9,578	11,136	4,602	5,411
Professional fees	4,512	5,428	6,878	2,520	5,144
Listing expenses	—	—	—	—	1,211
Business entertainment expenses	4,450	5,741	6,456	2,790	2,985
Software development fees	2,934	4,252	3,678	1,752	1,792
Depreciation and amortisation	9,123	6,936	6,029	4,416	6,950
Security fund for the disabled	5,787	7,462	9,283	1,279	2,952
Taxes and surcharges	5,158	8,880	5,776	2,119	2,461
Others	18,137	13,089	13,724	5,508	6,675
Total	**240,904**	**307,292**	**415,266**	**153,048**	**245,009**

Our administrative expenses accounted for 9.4%, 9.5%, 9.8% and 8.7% of our total revenue for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. We incurred increasing administrative expenses during the Track Record Period, which was primarily due to (i) an increase in staff salaries and benefits mainly resulting from the increase in the number of our relevant personnel which was in line with our business expansion, (ii) an increase in our office and travelling expenses, in particular, as we enhanced our business development efforts to obtain projects from other sources, and (iii) our increased efforts to recruit, train and cultivate high-quality staff to support our business growth.

Share of Associates' or Joint Ventures' Results

Share of associates' or joint ventures' results represents, in part, the profits or loss from our investment during the Track Record Period in two joint ventures, namely, (i) Poly (Ziyang) City Comprehensive Service Co., Ltd., which is a company engaged in property management and in which we held a 60% equity interest as at 31 December 2018 and 30 June 2019, and (ii) Shanxi Poly Deao Elevator Co., Ltd., a company engaged in the repair and maintenance of elevators, and in which we held a 45% equity interest as at 31 December 2018 and 30 June 2019. We do not have the required voting rights to pass the board resolutions of Poly (Ziyang) City Comprehensive Service Co., Ltd.. As such, we have significant influences over Poly (Ziyang) City Comprehensive Service Co., Ltd but do not have control over its financial and operating policies and it is therefore counted as our joint venture instead of a subsidiary despite of a 60% equity interest we held.

Share of associates' or joint ventures' results also represents the profits or loss from our investment during the Track Record Period in two associates, namely, (i) Guangdong Xinzhihui Technology Co., Ltd., a company engaged in research and development of intelligent technology products, automatic systems and electronic products, in which we held a 30% equity interest as at 31 December 2016, 2017 and 2018 and 30 June 2019, and (ii) Xizang Poly Aijia Property Agency Co., Ltd., a company engaged in property agency services, in which we held a 30% equity interest as at 31 December 2017 and 2018 and 30 June 2019.

These joint ventures and associates are not significant to us in terms of profit contribution and we have no significant contingent liabilities or commitments relating to our interest in these joint ventures or associates as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively.

Finance Cost

Our finance cost for the Track Record Period represented the cost charged to profit or loss over the lease period under certain of our lease arrangements. Such leases were mainly used as our offices and premises for providing community value-added services.

Other Expense

Other expense mainly represents (i) compensation and penalty expenses in connection with our late payment of certain taxes and social insurance contributions, (ii) donations, and (iii) others. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our other expense was RMB2.6 million, RMB2.1 million, RMB3.6 million and RMB0.5 million, respectively.

Income Tax Expense

Income tax expense consists of current and deferred income taxes payable in the PRC by our Company and our subsidiaries. The following table sets out the breakdown of income tax expense for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current tax					
Tax for the current year/ period	55,878	79,660	127,625	81,836	118,955
Deferred tax					
Charged to/ (credited to) profit or loss for the year/period	2,253	(1,077)	(879)	(1,484)	(2,574)
	58,131	78,583	126,746	80,352	116,381

According to the applicable PRC tax regulations, the general enterprise income tax rate in PRC is 25% and our PRC entities had been subject to the statutory enterprise income rate during the Track Record Period. No provision for Hong Kong Profits Tax has been made as we had no assessable profits arising in Hong Kong during the Track Record Period. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our effective income tax rates were 28.0%, 25.9%, 27.4% and 26.6%, respectively.

PERIOD TO PERIOD COMPARISON

Six months ended 30 June 2019 compared to six months ended 30 June 2018

Revenue

Revenue increased by 47.3% to RMB2,822.0 million in the first six months of 2019 from RMB1,915.8 million in the same period of 2018. This increase was mainly attributable to a general increase in the revenue of our property management services, community value-added services and value-added services to non-property owners which was in line with our business growth.

Property Management Services. Revenue from property management services increased by 42.7% to RMB1,823.0 million in the first six months of 2019 from RMB1,277.9 million in the same period of 2018. This increase was mainly attributable to (i) an increase in our GFA under management, which reached 260.3 million sq.m. as at 30 June 2019, as we expanded our property management business, and (ii) an increase in the revenue from management of properties from other sources of projects, which increased by 260.3% to RMB313.9 million in the first six months of 2019 from RMB87.1 million in the same period of 2018 (in addition to residential properties, we also strengthened our market presence in this direction for the management of public service and other properties, in particular, subsequent to our acquisition of Hunan Poly Tianchuang in 2018), and (iii) an increase in the average property management fee charged for residential communities reaching RMB2.18 per sq.m. per month for the six months ended 30 June 2019 mainly driven by the relatively higher prices we are able to charge for newer projects.

Value-added Services to Non-property Owners. Revenue from value-added services to non-property owners increased by 35.3% to RMB458.6 million in the first six months of 2019 from RMB339.1 million in the same period of 2018. This increase primarily reflected (i) an increase in the revenue from pre-delivery services to RMB358.6 million in the first six months of 2019 from RMB292.6 million in the same period of 2018 mainly due to an increase in the number of our pre-delivery services projects as property developers accelerated the launch of their property development projects as compared to the same period in 2018, and (ii) an increase in the revenue from other value-added services to non-property owners, such as consultancy services, by 115.0% to RMB100.0 million in the first six months of 2019 from RMB46.5 million in the same period of 2018 primarily because we enhanced the width and depth of such services with improved service standards and enlarged geographic coverage.

Community Value-added Services. Revenue from community value-added services increased by 80.9% to RMB540.4 million in the first six months of 2019 from RMB298.8 million in the same period of 2018. This increase was primarily due to (i) an increase in the types of community value-added services, in particular, community living services, provided by us and the enhancement of the depths of our services and (ii) an increase in the number of properties under management and residents and property owners served by us as we expanded our business scale.

Cost of services

Cost of services increased by 46.3% to RMB2,155.5 million in the first six months of 2019 from RMB1,472.9 million in the same period of 2018. This increase was mainly attributable to an increase of 42.6% in our staff costs to RMB1,194.7 million in the first six months of 2019 from RMB837.5 million in the same period of 2018 as a result of an increase in the number of our on-site staff directly providing services as a result of our business expansion. The increase was also attributable to an increase of 42.3% in our sub-contracting cost to RMB519.1 million in the first six months of 2019 from RMB364.8 million in the same period of 2018 primarily due to (i) an increased in purchase of sub-contracting services which was in line with the expansion of our business scale, and (ii) a general increase in sub-contracting fees mainly reflecting the increase in labour costs of our sub-contractors. In addition, our raw material cost increased by 388.3% to RMB149.5 million in the first six months of 2019 from RMB30.6 million in the same period of 2018 mainly due to the increase in raw material cost in connection with our community value-added services, in particular, the turnkey furnishing and move-in services that we increasingly provided in 2019.

Gross profit and gross profit margin

As a result of the foregoing, gross profit increased by 50.5% to RMB666.5 million in the first six months of 2019 from RMB442.9 million in the same period of 2018. Our overall gross profit margin slightly increased to 23.6% in the first six months of 2019 from 23.1% in the same period of 2018 primarily due to the continual increasing contribution from community value-added services which had a considerably higher gross profit margin as compared to those of our other business lines.

Gross profit margin for property management services remained relatively stable at 18.0% and 18.1% in the first six months of 2018 and 2019, respectively. Gross profit margin for value-added services to non-property owners increased from 20.1% in the first six months of 2018 to 21.3% in the first six months of 2019 mainly due to enhancement of operational efficiency for our pre-delivery services as we optimised staff deployment to simultaneously undertake multiple projects. Gross profit margin for community value-added services decreased from 48.5% in the first six months of 2018 to 44.1% in the same period of 2019 mainly due to an increase in raw material cost in connection with our community value-added services, in particular, the turnkey furnishing and move-in services that we increasingly provided in 2019.

Other income and other net gain or loss

Other income increased to RMB16.5 million in the first six months of 2019 from RMB10.8 million in the same period of 2018. This increase was primarily because we recorded other interest income of RMB7.5 million in the first six months of 2019 mainly in connection with the deposit we maintained with Poly Finance Company Limited, while we did not record any other interest income in the same period of 2018. We recorded other net loss of RMB5.9 million and RMB9.9 million in the first six months of 2018 and 2019, respectively, mainly attributable to impairment loss on trade and other receivables.

Administrative expenses

Administrative expenses increased by 60.1% to RMB245.0 million in the first six months of 2019 from RMB153.0 million in the same period of 2018. This increase was primarily due to an increase in staff salaries and benefits by 78.2% to RMB187.4 million in the first six months of 2019 from RMB105.2 million in the same period of 2018 mainly resulting from the increase in the number of our relevant personnel which was in line with our business expansion, coupled with the increase in work performance bonus to our staff.

Share of associates' or joint ventures' results

Share of associates' or joint ventures' results increased to a gain of RMB10.0 million in the first six months of 2019 from a gain of RMB2.2 million in the same period of 2018. This increase was mainly attributable to the increase in our share of profits recorded by Xizang Poly Aijia Property Agency Co., Ltd., as it recorded more profits in the first six months of 2019 as compared to the same period in 2018.

Finance cost

Finance cost remained relatively stable which amounted to RMB0.3 million and RMB0.4 million in the first six months of 2018 and 2019, respectively.

Income tax expense

Income tax expense increased by 44.8% to RMB116.4 million in the first six months of 2019 from RMB80.4 million in the same period of 2018. This increase was primarily attributable to an increase in current income tax primarily as a result of the higher profit before income tax expense for the first six months of 2019 as compared to the same period of 2018.

Profit for the period

As a result of the foregoing, profit for the period increased by 48.9% to RMB320.8 million in the first six months of 2019 from RMB215.4 million in the same period of 2018. Net profit margin increased slightly to 11.4% in the first six months of 2019 from 11.2% in the same period of 2018 mainly due to the increase in revenue and economies of scale, partially offset by an increase in cost of services for community value-added services and administrative expenses.

Year ended 31 December 2018 compared to year ended 31 December 2017

Revenue

Revenue increased by 30.5% to RMB4,229.4 million in 2018 from RMB3,240.3 million in 2017. This increase was mainly attributable to a general increase in the revenue of our property management services, community value-added services and value-added services to non-property owners which was in line with our business growth.

Property Management Services. Revenue from property management services increased by 20.3% to RMB2,909.5 million in 2018 from RMB2,419.2 million in 2017. This increase was mainly attributable to (i) an increase in our GFA under management, which increased to 190.5 million sq.m. as at 31 December 2018 from 106.2 million sq.m. as at 31 December 2017, and an increase in the number of properties under management, which increased to 755 as at 31 December 2018 from 509 as at 31 December 2017, as we expanded our business, and (ii) an increase in the revenue from management of properties from other sources of projects, which increased by 236.2% to RMB332.0 million in 2018 from RMB98.8 million in 2017, as we furthered our market development efforts in this direction, in particular, for the management of public and other properties as we strengthened collaborations with customers such as government agencies, public services entities and institutions.

Value-added Services to Non-property Owners. Revenue from value-added services to non-property owners increased by 38.7% to RMB696.5 million in 2018 from RMB502.0 million in 2017. This increase reflected (i) an increase in the revenue from pre-delivery services by 34.3% to RMB565.6 million in 2018 from RMB421.1 million in 2017 primarily due to an increase in the number of pre-delivery services projects as property developers accelerated the launch of their property development projects as compared to 2017, and (ii) an increase in the revenue from other value-added services to non-property owners, such as consultancy, inspection and delivery services, by 61.8% to RMB130.9 million in 2018 from RMB80.9 million in 2017.

Community Value-added Services. Revenue from community value-added services increased by 95.3% to RMB623.4 million in 2018 from RMB319.2 million in 2017. This increase was primarily due to (i) an increase in the types of community value-added services, in particular, community living services, provided by us and the enhancement of the depths of our services and (ii) an increase in the number of properties under management and residents and property owners served by us as we expanded our business scale.

Cost of services

Cost of services increased by 27.0% to RMB3,378.1 million in 2018 from RMB2,659.5 million in 2017. This increase was mainly attributable to an increase of 19.6% in our staff costs to RMB1,879.7 million in 2018 from RMB1,571.3 million in 2017 as a result of an increase in the number of our on-site staff directly providing services as a result of our business expansion. The increase was also attributable to an increase of 35.1% in our sub-contracting cost to RMB818.3 million in 2018 from RMB605.7 million in 2017 primarily due to (i) an increased in purchase of sub-contracting services which was in line with the expansion of our business scale, and (ii) a general increase in sub-contracting fees mainly reflecting the increase in labour costs of our sub-contractors.

Gross profit and gross profit margin

As a result of the foregoing, gross profit increased by 46.6% to RMB851.3 million in 2018 from RMB580.8 million in 2017. Our overall gross profit margin increased to 20.1% in 2018 from 17.9% in 2017 primarily due to (i) the increasing contribution from community value-added services which had a considerably higher gross profit margin as compared to those of our other business lines, and (ii) our effective control of cost (such as the adoption of centralised purchase).

Gross profit margin for property management services remained relatively stable at 13.7% in 2017 and 14.1% in 2018. Gross profit margin for value-added services to non-property owners remained relatively stable at 20.0% in 2017 and 20.1% in 2018. Gross profit margin for community value-added services increased to 48.4% in 2018 from 46.2% in 2017, primarily due to economies of scale as our staff enhanced their work efficiency to provide community value-added services for multiple projects and covered increasing types of community value-added services.

Other income and other net gain or loss

Other income and other net gain or loss decreased by 14.0% to RMB26.6 million in 2018 from RMB31.0 million in 2017. This decrease was primarily attributable to a decrease of RMB16.1 million in gain on disposal of investment properties as we sold fewer carpark spaces classified as investment properties in 2018 as compared to 2017. This decrease was partially offset by an increase of RMB7.3 million in other interest income as we did not incurred any such interest income in 2017.

Administrative expenses

Administrative expenses increased by 35.1% to RMB415.3 million in 2018 from RMB307.3 million in 2017. This increase was primarily due to (i) an increase in staff salaries and benefits mainly resulting from the increase in the number of our relevant personnel which was in line with our business expansion, (ii) an increase in our office and travelling expenses as we enhanced our business development efforts to obtain projects from other sources, and (iii) our increased efforts to recruit, train and cultivate high-quality staff to support our business growth.

Share of associates' or joint ventures' results

Share of associates' or joint ventures' results increased to a gain of RMB4.6 million in 2018 from a gain of RMB1.2 million in 2017. This increase was mainly attributable to an increase in profit recorded by Xizang Poly Aijia Property Agency Co., Ltd., which was partially offset by the loss recorded by our other associate and joint ventures.

Finance cost

Finance cost increased to RMB0.8 million in 2018 from RMB0.4 million in 2017, which was mainly attributable to an increase in certain of our lease arrangements for office use in 2018 as compared to 2017.

Income tax expense

Income tax expense increased by 61.3% to RMB126.7 million in 2018 from RMB78.6 million in 2017. This increase was primarily attributable to an increase in current income tax primarily as a result of the higher profit before income tax expense in 2018.

Profit for the year

As a result of the foregoing, profit for the year increased by 49.6% to RMB336.1 million in 2018 from RMB224.7 million in 2017 and net profit margin increased to 7.9% in 2018 from 6.9% in 2017 due to increase of revenue and economics of scale.

Year ended 31 December 2017 compared to year ended 31 December 2016

Revenue

Revenue increased by 26.4% to RMB3,240.3 million in 2017 from RMB2,564.2 million in 2016. This increase was mainly attributable to a general increase in the revenue of our property management services, value-added services to non-property owners and community value-added services which was in line with our business growth.

Property Management Services. Revenue from property management services increased by 26.9% to RMB2,419.2 million in 2017 from RMB1,906.3 million in 2016. This increase was mainly attributable to an increase in our GFA under management, which increased to 106.2 million sq.m. in 2017 from 81.8 million sq.m. in 2016, and an increase in the number of properties under management, which increased to 509 in 2017 from 386 in 2016, mainly due to our expanded property management scale for properties developed by Poly Developments and Holdings Group with its accelerated delivery of property development projects. Meanwhile, we also had an increase in the revenue from management of properties from other sources of projects, which increased by 288.1% to RMB98.8 million in 2017 from RMB25.4 million in 2016, as a result of our enhanced market development efforts to obtain such projects.

Value-added Services to Non-property Owners. Revenue from value-added services to non-property owners increased by 25.9% to RMB502.0 million in 2017 from RMB398.8 million in 2016. This increase was primarily due to an increase in the revenue from pre-delivery services by 29.0% to RMB421.1 million in 2017 from RMB326.4 million in 2016 mainly as a result of an increase in the number of pre-delivery services projects carried out in 2017 as compared to 2016.

Community Value-added Services. Revenue from community value-added services increased by 23.2% to RMB319.2 million in 2017 from RMB259.1 million in 2016. This increase was primarily due to (i) an increase in the revenue from community living services by 21.0% to RMB248.7 million in 2017 from RMB205.6 million in 2016 as we provided more types of these services covering a variety of community living scenarios, and (ii) an increase in the number of properties under management and residents and property owners served by us as we expanded our business scale.

Cost of services

Cost of services increased by 24.5% to RMB2,659.5 million in 2017 from RMB2,135.7 million in 2016. This increase was mainly attributable to an increase of 35.8% in our staff costs to RMB1,571.3 million in 2017 from RMB1,156.8 million as a result of an increase in the number of our on-site staff directly providing services for our business expansion coupled with a general increase in the salary of our staff. The increase was also attributable to an increase of 18.9% in our sub-contracting cost to RMB605.7 million in 2017 from RMB509.4 million in 2016 primarily due to (i) an increased in purchase of sub-contracting services to support our business expansion, and (ii) a general increase in sub-contracting fees mainly reflecting an increase in labour costs of our sub-contractors.

Gross profit and gross profit margin

As a result of the foregoing, gross profit increased by 35.6% to RMB580.8 million in 2017 from RMB428.5 million in 2016. Our overall gross profit margin increased to 17.9% in 2017 from 16.7% in 2016 primarily due to our effective control of cost and economies of scale as we enhanced our staff work efficiency which enabled the same staff to provide various types of property management services and value-added services for multiple projects.

Gross profit margin for property management services increased from 13.1% in 2016 to 13.7% in 2017 mainly due to the increase in the average property management fees of our residential communities to RMB2.13 per sq.m. per month in 2017 from RMB2.10 per sq.m. per month in 2016, together with improved cost efficiency as a result of economies of scale. Gross profit margin for value-added services to non-property owners increased to 20.0% in 2017 from 16.1% in 2016 primarily due to the increase in our operational efficiency and the economies of scale as a result of the increased number of pre-delivery services projects. Gross profit margin for community value-added services increased to 46.2% in 2017 from 43.8% in 2016, primarily due to economies of scale.

Other income and other net gain or loss

Other income and other net gain or loss increased by 35.5% to RMB31.0 million in 2017 from RMB22.9 million in 2016. This increase was primarily attributable to an increase of RMB20.1 million in gain on disposal of investment properties as we sold a number of carpark spaces classified as investment properties in 2017 while we did not dispose of any such investment properties in 2016. This increase was partially offset by a decrease of RMB8.5 million as we recorded an impairment loss on other receivables of RMB1.9 million in 2017 while a reversal of impairment on other receivables of RMB6.6 million was recorded in 2016.

Administrative expenses

Administrative expenses increased by 27.6% to RMB307.3 million in 2017 from RMB240.9 million in 2016. This increase was mainly attributable to an increase of RMB53.5 million in staff salaries and benefits primarily due to the increase in the number of our relevant staff as a result of our business expansion together with a general increase in the salary of our staff.

Share of associates' or joint ventures' results

Share of associates' or joint ventures' results increased to a gain of RMB1.2 million in 2017 from a loss of RMB0.2 million in 2016. This increase was mainly attributable to the profit recorded by Xizang Poly Aijia Property Agency Co., Ltd. which we acquired a 30% equity interest in 2017.

Finance cost

Finance cost remained relatively stable at RMB0.3 million and RMB0.4 million for the years ended 31 December 2016 and 2017, respectively.

Income tax expense

Income tax expense increased by 35.2% to RMB78.6 million in 2017 from RMB58.1 million in 2016. This increase was primarily attributable to an increase in current income tax primarily as a result of the higher profit before income tax expense in 2017.

Profit for the year

As a result of the foregoing, profit for the year increased by 50.6% to RMB224.7 million in 2017 from RMB149.2 million in 2016 and net profit margin increased to 6.9% in 2017 from 5.8% in 2016 due to increase of revenue and economics of scale.

LIQUIDITY AND CAPITAL RESOURCES

Our principal cash requirements are to pay for working capital needs and capital expenditures for the expansion and procurement of property, plant and equipment and acquisition of subsidiaries, joint ventures and associates. We meet these cash requirements by relying on our cash at banks and financial institution and net cash flows from operating activities as our principal source of funding. Following the completion of the Global Offering and the Listing, we intend to continue to fund our cash requirements through our net cash flows from operating activities.

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Net cash generated from operating activities before changes in working capital	210,309	297,634	469,916	304,265	445,195
Net cash generated from operating activities	771,129	361,551	432,751	181,928	246,984
Net cash (used in)/generated from investing activities	(8,682)	(21,078)	(23,469)	18,051	17,713
Net cash used in financing activities	(83,737)	(937)	(212,765)	(211,264)	(155,859)
Net increase/(decrease) in cash and cash equivalents	678,710	339,536	196,517	(11,285)	108,838
Cash and cash equivalents at beginning of the year/period	578,807	1,257,517	1,597,053	1,597,053	1,793,570
Cash and cash equivalents at end of the year/period	1,257,517	1,597,053	1,793,570	1,585,768	1,902,408

Cash Flows from Operating Activities

Cash flows from operating activities represented profit before income tax expense adjusted for (i) certain non-cash or non-operating activities related items and finance costs, such as depreciation of property, plant and equipment, bank interest income, share of associates' or joint ventures' results and gain on disposal of investment properties; (ii) the effect of changes in working capital, such as movements in contract liabilities, prepayments, deposits and other receivables and trade receivables, and (iii) income tax paid.

For the six months ended 30 June 2019, we had net cash generated from operating activities of RMB247.0 million as a result of profit before income tax expense of RMB437.2 million, income tax paid of RMB87.4 million and negative movements in working capital. Our negative movements in working capital primarily reflected an increase in trade receivables of RMB271.3 million primarily due to our business expansion and the seasonal fluctuations in the collection of trade receivables as certain of our customers tend to pay their property management fees for such period at mid-year or even more so toward year-end out of personal preference and convenience.

In 2018, we had net cash generated from operating activities of RMB432.8 million as a result of profit before income tax expense of RMB462.8 million, income tax paid of RMB110.6 million and positive movements in working capital. Our positive movements in working capital primarily reflected an increase in contract liabilities of RMB141.8 million which was generally in line with our business growth.

In 2017, we had net cash generated from operating activities of RMB361.6 million as a result of profit before income tax expense of RMB303.3 million, income tax paid of RMB71.0 million and positive movements in working capital. Our positive movements in working capital primarily reflected (i) an increase in accruals and other payables of RMB137.1 million mainly due to (a) an increase in dividend payables as we declared a dividend of RMB140.0 million in 2017 to our Shareholders, and (b) an increase in accruals and other payables to third parties which was generally in line with our business expansion, and (ii) an increase in contract liabilities of RMB119.0 million which was generally in line with our business growth.

In 2016, we had net cash generated from operating activities of RMB771.1 million as a result of profit before income tax expense of RMB207.3 million, income tax paid of RMB78.7 million and positive movements in working capital. Our positive movements in working capital primarily reflected (i) a decrease in prepayments, deposits and other receivables of RMB311.0 million mainly due to a decrease in other receivables as the amounts we provided to Poly Developments and Holdings Group in 2016 were fully settled as at 31 December 2016, (ii) an increase in accruals and other payables of RMB181.6 million mainly due to an increase in deposits made by property owners and residents in relation to interior decorations, and (iii) a decrease in trade receivables of RMB76.3 million as we accelerated collection of trade receivables from related parties.

Cash Flows from Investing Activities

For the six months ended 30 June 2019, net cash generated from investing activities was RMB17.7 million, primarily reflecting (i) withdrawal of time deposits with original maturity over three months of RMB18.0 million, and (ii) other interest income received of RMB9.9 million mainly in relation to interest received for the deposit we maintain with Poly Finance Company Limited, partially offset by the purchase of property, plant and equipment of RMB13.3 million mainly for leasehold improvements for our new office premises as we expanded business and purchase of electronic equipment for office use.

In 2018, net cash used in investing activities was RMB23.5 million, primarily reflecting (i) purchase of property, plant and equipment of RMB30.3 million mainly for leasehold improvements for our new office premises as we expanded business and purchase of electronic equipment for office use, and (ii) acquisition of subsidiaries (net of cash acquired) of RMB26.5 million for our acquisition of Hunan Poly Tianchuang, partially offset by the net effect of placement and withdrawal of time deposits with original maturity over three months of RMB34.0 million.

In 2017, net cash used in investing activities was RMB21.1 million, primarily reflecting (i) placement of time deposits with original maturity over three months of RMB30.0 million, and (ii) purchase of property, plant and equipment of RMB24.2 million mainly for electronic equipment for office use, partially offset by the proceeds from disposal of investment properties of RMB43.8 million for the carpark spaces classified as investment properties we sold in 2017.

In 2016, net cash used in investing activities was RMB8.7 million, primarily reflecting purchase of property, plant and equipment of RMB24.5 million mainly for purchase of electronic equipment for office use, partially offset by investment income from financial assets at fair value through other comprehensive income of RMB8.5 million and bank interest income received of RMB7.0 million.

Cash Flows from Financing Activities

For the six months ended 30 June 2019, net cash used in financing activities was RMB155.9 million, reflecting primarily of dividend payments to Shareholders of RMB160.0 million during the period.

In 2018, net cash used in financing activities was RMB212.8 million, reflecting primarily dividends paid to shareholders of the Company of RMB210.0 million.

In 2017, net cash used in financing activities was RMB0.9 million, reflecting primarily payment of lease liabilities of RMB1.9 million for certain of our lease arrangements, partially offset by capital injection from non-controlling interests of RMB1.0 million in connection with investment from a non-controlling shareholder.

In 2016, net cash used in financing activities was RMB83.7 million, reflecting primarily (i) dividends paid to our shareholders of RMB67.7 million, and (ii) acquisition of non-controlling interests of RMB24.8 million, partially offset by new issue of shares of RMB9.8 million in connection with our increased share-holding in several of our subsidiaries.

Net Current Assets

The following table sets out our current assets, current liabilities and net current assets as at the dates indicated:

	As at 31 December			As at 30 June	As at 31 October
	2016	**2017**	**2018**	**2019**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Current assets					
Inventories	1,013	1,536	65,981	54,284	46,824
Trade receivables	127,645	224,677	196,296	460,419	566,070
Prepayments, deposits and other receivables	64,743	121,597	223,515	307,315	398,676
Deposits and bank balances	1,279,517	1,649,053	1,811,570	1,903,408	1,828,388
	1,472,918	1,996,863	2,297,362	2,725,426	2,839,958
Current liabilities					
Trade payables	119,997	157,985	193,320	270,414	260,303
Accruals and other payables	688,355	965,428	887,885	949,338	993,568
Lease liabilities	1,754	2,331	2,284	2,577	2,755
Contract liabilities	440,491	559,442	704,493	808,628	820,915
Income tax payable	10,135	18,755	42,763	74,297	20,522
	1,260,732	1,703,941	1,830,745	2,105,254	2,098,063
Net current assets	**212,186**	**292,922**	**466,617**	**620,172**	**741,895**

We had net current assets as at each of 31 December 2016, 2017 and 2018 and 30 June and 31 October 2019. Our net current assets position as at each of these dates was mainly attributable to our deposits and bank balances, trade receivables and prepayments, deposits and other receivables, partially offset by our accruals and other payables, contract liabilities, trade payables and income tax payable.

Our net current assets increased from RMB620.2 million as at 30 June 2019 to RMB741.9 million as at 31 October 2019 primarily due to an increase in trade receivables which was generally in line with our business expansion. Our net current assets increased from RMB466.6 million as at 31 December 2018 to RMB620.2 million as at 30 June 2019 primarily due to an increase in trade receivables as our business expanded and as a result of seasonal fluctuations of trade receivables as certain of our customers tend to pay their property management fees at mid-year or even more so toward year-end out of personal preference and convenience. Our net current assets increased from RMB292.9 million as at 31 December 2017 to RMB466.6 million as at 31 December 2018 primarily due to (i) an increase in our deposits and bank balances as we expanded our business and generated more cash from operating activities, and (ii) an increase in our prepayments, deposits and other receivables primarily due to an increase in deposits and other receivables. Our net current assets increased from RMB212.2 million as at 31 December 2016 to RMB292.9 million as at 31 December 2017 primarily due to an increase in our deposits and bank balances as we expanded our business and generated more cash from operating activities, which was partially offset by an increase in accruals and other payables mainly due to (i) an increase in dividend payables as we declared a dividend of RMB140.0 million in 2017 to our Shareholders, and (ii) an increase in accruals and other payables to third parties which was generally in line with our business expansion. For further details, see "— Liquidity and capital resources — Cash flows from operating activities".

Cash Management

We conduct centralised management of cash. Save from the sufficient operating cash kept at our subsidiaries and branch offices, we collect their excess cash for centralised management at headquarters level. We take funds security as priority thus we regularly monitor balance of our deposits with banks and other financial institutions. We also implement the policy of interest rate marketisation and service fee minimisation. Considering the aforementioned factors, funds collected by our headquarters had been primarily placed in Poly Finance Company Limited during the Track Record Period, while the operational cash kept at our subsidiaries and branch offices levels was primarily deposited with reputable commercial banks in the PRC.

Working Capital

Our Directors are of the opinion that, after taking into account the financial resources available to us including the estimated net proceeds of the Global Offering and our internally generated funds, we have sufficient working capital to satisfy our requirements for at least the next 12 months following the date of this prospectus.

INDEBTEDNESS

	As at 31 December			As at 30 June	As at 31 October
	2016	**2017**	**2018**	**2019**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities					
Lease liabilities	1,754	2,331	2,284	2,557	2,755
Non-current liabilities					
Lease liabilities	3,850	7,823	15,445	13,038	13,370
Total	5,604	10,154	17,729	15,615	16,125

Save as aforesaid or otherwise disclosed herein, we did not have any outstanding indebtedness as at 31 December 2016, 2017 and 2018, 30 June 2019 and 31 October 2019, respectively.

As at the Latest Practicable Date, we did not have any banking facilities, any unutilised banking facilities or any outstanding or authorised 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.

DESCRIPTION OF SELECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS

The following sets out our consolidated statements of financial position as at the dates indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Interests in associates/joint ventures	447	17,468	26,822	36,824
Property, plant and equipment	49,597	61,036	91,064	93,782
Investment properties	47,451	22,420	18,946	17,535
Financial assets at fair value through other comprehensive income ("**FVTOCI**")	3,200	7,400	10,800	13,700
Intangible assets	—	—	98,583	99,264
Prepayments for property, plant and equipment	226	4,169	5,304	6,330
Deferred tax assets	1,638	2,715	3,551	5,794
	102,559	115,208	255,070	273,229
Current assets				
Inventories	1,013	1,536	65,981	54,284
Trade receivables	127,645	224,677	196,296	460,419
Prepayments, deposits and other receivables	64,743	121,597	223,515	307,315
Deposits and bank balances	1,279,517	1,649,053	1,811,570	1,903,408
	1,472,918	1,996,863	2,297,362	2,725,426
Current liabilities				
Trade payables	119,997	157,985	193,320	270,414
Accruals and other payables	688,355	965,428	887,885	949,338
Lease liabilities	1,754	2,331	2,284	2,577
Contract liabilities	440,491	559,442	704,493	808,628
Income tax payable	10,135	18,755	42,763	74,297
	1,260,732	1,703,941	1,830,745	2,105,254
Net current assets	212,186	292,922	466,617	620,172
Total assets less current liabilities	314,745	408,130	721,687	893,401

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	3,850	7,823	15,445	13,038
Deferred tax liabilities	—	—	13,113	13,532
	3,850	7,823	28,558	26,570
Net assets	310,895	400,307	693,129	866,831
EQUITY				
Capital and reserves attributable to owners of the Company				
Capital	100,000	100,000	100,000	400,000
Reserves	202,725	285,906	549,858	406,342
Equity attributable to owners of the Company	302,725	385,906	649,858	806,342
Non-controlling interests	8,170	14,401	43,271	60,489
Total equity	310,895	400,307	693,129	866,831

Property, Plant and Equipment

Property, plant and equipment mainly consists of electronic equipment, leasehold improvements, furniture and equipment, right-of-use assets (under certain of our lease arrangements) and transportation equipment.

Property, plant and equipment increased from RMB49.6 million as at 31 December 2016 to RMB61.0 million as at 31 December 2017, primarily due to the procurement of electronic equipment for office use for our business operations, the increase in right-of-use assets and leasehold improvements under our leases. Property, plant and equipment increased from RMB61.0 million as at 31 December 2017 to RMB91.1 million as at 31 December 2018, primarily due to the procurement of electronic equipment for office use for our business operations, the leasehold improvements and increase in right-of-use assets for our new office premises. Property, plant and equipment increased slightly from RMB91.1 million as at 31 December 2018 to RMB93.8 million as at 30 June 2019.

Inventories

Our inventories amounted to RMB1.0 million, RMB1.5 million, RMB66.0 million and RMB54.3 million as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively. The following table sets out the breakdown of our inventories as at the dates indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carpark spaces	—	—	64,715	53,000
Raw materials	183	160	383	57
Consumable goods	830	1,376	883	1,227
	1,013	1,536	65,981	54,284

The following table sets out our average inventory turnover days for the Track Record Period:

	Year ended 31 December			Six months ended 30 June
	2016	**2017**	**2018**	**2019**
Average inventory turnover days[(1)]	0.2	0.1	2.9	3.8

Note:

(1) Our average inventory turnover days for a certain period is derived by dividing the arithmetic mean of the opening and closing balances of inventories by revenue for the relevant period and then multiplied by the number of days in the relevant period.

Our inventories increased to RMB1.5 million as at 31 December 2017 from RMB1.0 million as at 31 December 2016 mainly due to an increase in the inventory of consumable goods for conducting our business. Our inventories increased significantly to RMB66.0 million as at 31 December 2018 from RMB1.5 million as at 31 December 2017 mainly due to a significant increase in inventories of carpark spaces in Qingdao as we purchased the use rights of such carpark spaces from Poly Developments and Holdings Group. As the use rights of such carpark spaces were purchased by us for subsequent sale within a relatively short period of time, these carpark spaces were treated as our inventories instead of investment properties on our consolidated statement of financial position as at the relevant dates. Our inventories decreased to RMB54.3 million as at 30 June 2019 from RMB66.0 million as at 31 December 2018 primarily due to a decrease in the inventories of carpark spaces as we disposed of some of these inventories in the six months ended 30 June 2019. Our average inventory turnover days generally increased over the Track Record Period which was in line with the general increase in the balances of inventories as at the aforementioned dates indicated during the Track Record Period.

As at 31 October 2019, RMB15.7 million, or 28.8% of our total inventories as at 30 June 2019 had been subsequently utilised.

Trade Receivables

Trade receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. Our trade receivables mainly arise from our property management services provided on a lump sum basis and value-added services to non-property owners. For property management services, the performance obligation is satisfied upon services provided and there is generally no credit term for our customers. For value-added service to non-property owners, performance obligation is satisfied upon services provided. For community value-added service, performance obligation is satisfied upon services provided and the service income is due for payment by the customers upon issuance of demand note. We generally do not grant a credit term to our customers.

The following table sets out the breakdown of the trade receivables as at the dates indicated.

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Related parties	105,558	137,927	99,711	118,988
Third parties	26,123	93,182	103,296	355,291
Total	131,681	231,109	203,007	474,279
Less: allowance for impairment of trade receivables	(4,036)	(6,432)	(6,711)	(13,860)
	127,645	224,677	196,296	460,419

Before allowance for impairment of trade receivables, our trade receivables increased from RMB131.7 million as at 31 December 2016 to RMB231.1 million as at 31 December 2017, primarily due to an increase in trade receivables from both third parties and related parties as we increased our GFA under management which was in line with our business growth. Before allowance for impairment of trade receivables, our trade receivables decreased from RMB231.1 million as at 31 December 2017 to RMB203.0 million as at 31 December 2018, primarily due to a decrease in trade receivables from related parties as we collected such trade receivables in time and spent more efforts in 2018 in collecting such trade receivables accrued in previous year, partially offset by an increase in trade receivables from third parties which was in line with the increase of our GFA under management. Before allowance for impairment of trade receivables, our trade receivables increased from RMB203.0 million as at 31 December 2018 to RMB474.3 million as at 30 June 2019, primarily due to an increase in trade receivables from third parties mainly as a result of our business expansion and seasonal fluctuations in the collection of our trade receivables as certain of our customers tend to pay their property management fees at mid-year or even more so toward year-end out of personal preference and convenience.

As at 31 October 2019, RMB247.8 million, or 52.2% of our total trade receivables as at 30 June 2019 had been subsequently settled. With respect to related parties, RMB35.6 million, or 7.5% of our total trade receivables as at 30 June 2019 had been subsequently settled as at 31 October 2019. With respect to third parties, RMB212.2 million, or 44.7% of our total trade receivables as at 30 June 2019 had been subsequently settled as at 31 October 2019.

We seek to maintain strict control over our outstanding trade receivables. Overdue balances are reviewed regularly by senior management. The following table sets out an aging analysis of our trade receivables, based on the invoice date, as at the dates indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year				
– Related parties	81,115	113,971	87,286	102,272
– Third parties	26,123	83,380	101,499	331,483
	107,238	197,351	188,785	433,755
One to two years				
– Related parties	23,307	23,925	12,319	16,012
– Third parties	–	9,802	576	22,550
	23,307	33,727	12,895	38,562
Over two years				
– Related parties	1,136	31	106	704
– Third parties	–	–	1,221	1,258
	1,136	31	1,327	1,962
	131,681	231,109	203,007	474,279

The following table sets out our average trade receivables turnover days for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June
	2016	**2017**	**2018**	**2019**
Average trade receivables turnover days[(1)]	23.4	19.8	18.2	20.9
Average trade receivables turnover days for related parties	87.7	66.3	51.8	34.1
Average trade receivables turnover days for third parties	2.9	8.3	10.4	18.0

Note:

(1) Average trade receivables turnover days for a certain period is derived by dividing the arithmetic mean of the opening and closing balances of trade receivables by revenue for the relevant period and then multiplied by the number of days in the relevant period.

Average trade receivables turnover days indicates the average time required for us to collect cash payments from provision of services. Our average trade receivables turnover days decreased from 2016 to 2018 mainly due to our enhanced collection efforts, especially from related parties. Our average trade receivables turnover days increased from 18.2 days in 2018 to 20.9 days in the first six months of 2019 primarily as a result of business expansion and seasonal fluctuations in the collection of our trade receivables as certain of our customers tend to pay their property management fees at mid-year or even more so toward year-end out of personal preference and convenience. As at 31 December 2016, 2017 and 2018 and 30 June 2019, our trade receivables that were outstanding for more than one year amounted to RMB24.4 million, RMB33.8 million, RMB14.2 million and RMB40.5 million, respectively, accounting for 18.6%, 14.6%, 7.0% and 8.5% of our trade receivables before allowance for impairment, respectively.

As at 31 December 2016, 2017 and 2018 and 30 June 2019, we applied the general approach to provide for expected credit losses prescribed by HKFRS 9, which permits to recognise 12-month expected credit losses for trade receivables from related parties. Trade receivables from third parties applies the simplified approach to provide for expected losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision. The following table sets out the expected loss rates adopted and movement of the gross carrying amount of and loss allowance provision for our trade receivables from third parties and related parties, respectively, as at the dates indicated:

Trade receivables	**Third parties**				
	Up to 1 year	**1 to 2 year**	**Over 2 years**	**Related parties**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2016					
Expected loss rate	2.5%	Nil	Nil	3.2%	
Gross carrying amount	26,123	—	—	105,558	131,681
Loss allowance provision	643	—	—	3,393	4,036
As at 31 December 2017					
Expected loss rate	2.6%	3.3%	Nil	2.9%	
Gross carrying amount	83,380	9,802	—	137,927	231,109
Loss allowance provision	2,175	320	—	3,937	6,432
At 31 December 2018					
Expected loss rate	2.5%	3.5%	88.3%	3.1%	
Gross carrying amount	101,499	576	1,221	99,711	203,007
Loss allowance provision	2,570	20	1,078	3,043	6,711
As at 30 June 2019					
Expected loss rate	2.5%	3.5%	85.7%	3.1%	
Gross carrying amount	331,483	22,550	1,258	118,988	474,279
Loss allowance provision	8,356	790	1,078	3,636	13,860

We have formulated and implemented various measures to expedite the recovery of our trade receivables, including to enhance the timeliness of the collection of property management fees. When the property management fees become overdue, we will send overdue payment notices to the customers by phone, messages, through our online service platform or deliver in person or to the mailboxes of the property owners and residents and follow up with frequent payment reminders. In the event of significant payment delays after repeatedly failed collection attempts, we may initiate legal proceedings to collect the property management fees. In determining the loss provision for trade receivables, we consider whether there is a significant increase in credit risk of the receivables. To assess whether there is a significant increase in credit risk, we compare the risk of default occurring on the receivables as at the reporting date with the risk of default as at the date of initial recognition. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulty in collecting trade receivables from both related parties and third parties.

Prepayments, Deposits and Other Receivables

Prepayments, deposits and other receivables represent: (i) deposits and other receivables from third parties, (ii) deposits and other receivables from related parties mainly in connection with amount due from Zhuhai Hele Education Co., Ltd. in 2018, (iii) prepayments to suppliers and of lease payments, (iv) prepayments for property, plant and equipment mainly in connection with the renovation of our facilities for community value-added services, (v) VAT receivables for amounts deductible against output VAT, and (vi) interest receivable mainly from the deposit maintained with Poly Finance Company Limited as described above. In particular, our deposits and other receivables from third parties mainly include: (a) payments on behalf of property owners and residents in relation to utility fees, (b) payment on behalf of property owners and residents for communities managed on a commission basis, and (c) deposits for participating in tender and bidding process for obtaining projects.

The following table sets out the breakdowns of our prepayments, deposits and other receivables as at the dates indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Prepayments for property, plant and equipment	226	4,169	5,304	6,330
Current assets				
Deposits and other receivables				
– Third parties	58,101	106,769	162,603	233,430
– Related parties	—	—	34,925	37,951
Total	58,101	106,769	197,528	271,381
Less: allowance for impairment of other receivables	(2,515)	(4,366)	(7,494)	(10,191)
	55,586	102,403	190,034	261,190
VAT receivables	737	1,628	1,866	2,233
Interest receivable	—	—	6,713	4,766
Prepayments	8,420	17,566	24,902	39,126
	64,743	121,597	223,515	307,315

Before allowance for impairment of other receivables, our deposits and other receivables increased from RMB58.1 million as at 31 December 2016 to RMB106.8 million as at 31 December 2017, further to RMB197.5 million as at 31 December 2018, primarily due to (i) an increase in payment on behalf of property owners and residents in relation to utility fees, and (ii) an increase in deposits mainly for tender and bidding process, as a result of our increased GFA under management and our increased market development efforts. Before allowance for impairment of other receivables, our deposits and other receivables increased from RMB197.5 million as at 31 December 2018 to RMB271.4 million as at 30 June 2019, primarily due to an increase in deposits and other receivables from third parties mainly attributable to: (i) an increase in payment on behalf of property owners and residents in relation to utility fees, and (ii) an increase in payment on behalf of property owners and residents for communities managed on a commission basis.

Prepayments increased from RMB8.4 million as at 31 December 2016 to RMB17.6 million as at 31 December 2017, further to RMB24.9 million as at 31 December 2018 and RMB39.1 million as at 30 June 2019, primarily due to (i) an increase in prepayments to various suppliers for conducting our business which was in line with our business expansion, and (ii) an increase in prepayments for leases as we had an increasing number of leases from third parties.

VAT receivables increased over the Track Record Period mainly as a result of the PRC business tax and VAT reform measures commencing from mid- 2016 for service sectors in the PRC as elaborated above.

Intangible Assets

We recorded an intangible assets of nil, nil, RMB98.6 million and RMB99.3 million as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively, which were arising from (i) our acquisition of a 60% equity interest in Hunan Poly Tianchuang in 2018 at a consideration of RMB78.0 million, and (ii) our acquisition of a 51% equity interest in Poly Huichuang Chongqing in 2019 at a consideration of RMB4.1 million. Our intangible assets of RMB98.6 million as at 31 December 2018 comprised of RMB52.5 million arising from property management contracts and RMB46.1 million from goodwill, respectively. Our intangible assets of RMB99.3 million as at 30 June 2019 comprised of RMB52.2 million arising from property management contracts and RMB47.0 million from goodwill, respectively.

The goodwill arising from these acquisitions of subsidiaries has been tested for impairment by our management. The recoverable amount of each cash generating unit (“CGU”) has been assessed by an independent valuer and determined based on value-in-use (“VIU”) calculation. The calculation used cash flow projections based on financial budgets covering a six-year period approved by our management. We extended the five-year projections as suggested by HKAS 36 “Impairment of Assets” for additional one year projection based on the consideration that, based on past experience, termination or non-renewal of property management contracts with property developers or property owners’ association are uncommon. In addition, the monthly property management fee and the percentage of cost to income generated from property management are stable. These provide a reasonable basis for our management to forecast cash flows reliably over a longer period.

The following table sets out each key assumptions on which our management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December 2018	As at 30 June 2019
For Hunan Poly Tianchuang CGU:		
– Long-term growth rate	3.0%	3.0%
– Pre-tax discount rate	16.6%	15.2%
For Poly Huichuang Chongqing CGU:		
– Long-term growth rate	N/A	3.0%
– Pre-tax discount rate	N/A	17.4%

The following table sets out the sensitivity analysis of the impact of variations in each of the key underlying assumptions for goodwill impairment testing described above on the recoverable amount of each CGU as at the dates indicated. We showed the headroom (the recoverable amount of the CGU would exceed the carrying amount of the CGU) as at the end of each year or period by applying a 5% and 10% increase or decrease in long-term growth rate and applying a 0.5% and 1% pre-tax discount rate. Although none of the hypothetical fluctuation ratios applied in this sensitivity analysis equals actual historical fluctuations, we believe that the application of the hypothetical fluctuations in each of the key assumptions presents a meaningful analysis of the potential impact of the changes in such assumptions on the recoverable amount of each CGU.

For Hunan Poly Tianchuang CGU:

	As at 31 December 2018 *RMB'000*	As at 30 June 2019 *RMB'000*
Long-term growth rate (decrease)/increase		
(5)%	13,002	38,664
(10)%	3,002	26,664
5%	33,002	61,664
10%	42,002	73,664
Pre-tax discount rate (decrease)/increase		
(0.5)%	28,002	57,664
(1)%	35,002	65,664
0.5%	17,002	42,664
1%	12,002	36,664

For Poly Huichuang Chongqing CGU:

	As at 30 June 2019
	RMB'000
Long-term growth rate (decrease)/increase	
(5)%	1,615
(10)%	769
5%	3,307
10%	4,153
Pre-tax discount rate (decrease)/increase	
(0.5)%	2,726
(1)%	3,008
0.5%	2,213
1%	1,980

As at 31 December 2018 and 30 June 2019, the recoverable amounts of the Hunan Poly Tianchuang CGU calculated based on VIU exceeded carrying value by RMB23.0 million and RMB49.7 million respectively. As at 30 June 2019, the recoverable amounts of the Poly Huichuang Chongqing CGU calculated based on VIU exceeded carrying value by RMB2.5 million. In the opinion of our Directors, any reasonably possible change in key parameters on which the recoverable amount is based would not cause the carrying amount of each CGU to exceed its recoverable amount.

By reference to the recoverable amount assessed by the independent valuer, our Directors determined that no impairment provision on goodwill was required as at 31 December 2018 and 30 June 2019, respectively. In addition, no impairment is considered necessary for the property management contracts as at 31 December 2018 and 30 June 2019, respectively. For further details, see Note 17 and Note 28 of the Accountants' Report in Appendix I to this prospectus.

Investment Properties

During the Track Record Period, our investment properties represented certain commercial properties and carpark spaces located in the PRC, the net book value of which in aggregate amounted to RMB47.5 million, RMB22.4 million, RMB18.9 million and RMB17.5 million as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively. The net book value of our investment properties decreased during the Track Record Period because we disposed since 2017 a large number of carpark spaces classified as investment properties which were located in Guangzhou. Our investment properties are measured using a cost model and depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight line basis. For details, see Note 15 to the Accountants' Report in Appendix I to this prospectus.

Financial Assets at Fair Value through other Comprehensive Income

During the Track Record Period, we had financial assets at fair value through other comprehensive income ("**FVTOCI**") with respect to unlisted equity investments in certain of our investee companies which were RMB3.2 million, RMB7.4 million, RMB10.8 million and RMB13.7 million as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively. The fair value of our Group's unlisted equity investments as at 31 December 2016, 2017, 2018 and 30 June 2019 has been arrived at on the basis of valuation carried out by an independent and professionally qualified valuer which is not connected with our Group. The unlisted equity investments are categorised into level 3 of fair value measurement. Details of the fair value measurement of unlisted equity investments, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value and reconciliation of level 3 measurements are disclosed in Note 31(e) of the Accountants' Report in Appendix I to this prospectus issued by the Reporting Accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our Reporting Accountants' opinion on our historical financial information for the Track Record Period as a whole is set out on page I-2 of Appendix I to this prospectus.

In relation to the valuation of these financial assets at FVTOCI categorised within level 3 of fair value, our Directors, based on the professional advice received, adopted the following procedures: (i) reviewed the terms of the relevant equity investments; (ii) engaged the aforementioned independent valuer, provided necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions and considered such information with management assessment and estimates; and (iii) reviewed the valuation reports prepared by the valuer. Based on the above procedures, our Directors are of the view that (i) the valuer is independent from our Company, was suitably qualified and had the relevant expertise and resources to conduct the valuation of the level 3 financial assets, (ii) the valuation reports provided by the valuer in relation to the level 3 financial assets are reliable to our Group, and (iii) the valuation analysis performed by the valuer is fair and reasonable, and the relevant financial statements of our Group are properly prepared.

In addition, our Reporting Accountants have assessed and evaluated the competence, capabilities and objectivity of the aforementioned valuer, and another independent third party valuer had been engaged by our Reporting Accountants as an auditor's expert to evaluate the appropriateness of the work conducted by our Company's valuer in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Our Reporting Accountants have also performed relevant audit procedures, including but not limited to obtaining an understanding about the valuation techniques used, significant assumptions adopted, critical judgemental areas, key inputs and data used by the valuer of our Company. In view of the work performed above by our Reporting Accountants, they are satisfied with the valuation of our financial assets measured at FVTOCI which are categorised within level 3 of fair value measurement.

In relation to the valuation exercise regarding the level 3 financial assets, the Joint Sponsors have conducted relevant due diligence work for such financial assets during the Track Record Period, including, among others, (i) discussions with the management of our Company regarding the relevant valuation work during the Track Record Period; (ii) obtaining and reviewing the relevant agreements concerning the Company's corresponding investments during the Track Record Period; (iii) obtaining and reviewing the valuation reports prepared by the financial asset valuer which contain, among others, the methodology, basis and assumptions of relevant valuations; and (iv) discussions with the Reporting Accountants in relation to the procedures carried out by them for such financial assets during the Track Record Period. Having considered the work done by our Directors and Reporting Accountants and the relevant due diligence done as stated above, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation analysis performed by the valuer on these financial assets.

Trade Payables

Trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of utilities and materials as well as purchase from sub-contractors. We are generally granted credit terms of up to 30 days by our suppliers. The following table sets out the breakdown of our trade payables as at the dates indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
– Third parties	119,997	157,985	193,320	268,661
– Related parties	—	—	—	1,753
	119,997	157,985	193,320	270,414

The increase in trade payables from RMB120.0 million as at 31 December 2016 to RMB158.0 million as at 31 December 2017 and further to RMB193.3 million as at 31 December 2018 and RMB270.4 million as at 30 June 2019 was primarily due to the expansion of our business reflecting (i) an increase in purchase of sub-contracting services from third-party service providers, and (ii) an increase in procurement of utilities for our business operations.

As at 31 October 2019, RMB179.2 million, or 66.3% of our total trade payables as at 30 June 2019 had been subsequently settled.

The following table sets out an aging analysis of our trade payables, based on the receipt of services and goods (which normally coincided with the invoice dates) as at the dates indicated, and our average trade payables turnover days for the periods indicated:

	As at/ Year ended 31 December			As at/Six months ended 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	118,083	153,425	180,613	246,134
One to two years	1,883	4,560	11,224	17,850
Over two years	31	—	1,483	6,430
	119,997	157,985	193,320	270,414
Average trade payables turnover days(1)	16.6	19.1	19.0	19.4

Note:

(1) Average trade payables turnover days for a certain period is derived by dividing the arithmetic mean of the opening and closing balances of trade payables by cost of services for the relevant period and then multiplied by the number of days in the relevant period.

Average trade payables turnover days indicates the average time we take to make cash payments to suppliers. The general increase in our average trade payable turnover days during the Track Record Period primarily reflected an increase in the amount of our procurement as a result of our business expansion and our efforts to subcontract more services to third-party service providers.

Accruals and Other Payables

Accruals and other payables represent: (i) accruals and other payables to third parties, (ii) accruals and other payables to related parties, (iii) other tax payables, (iv) dividend payables, and (v) salaries payables. Accruals and other payables to third parties mainly represent: (i) cash collected on behalf of property owners and residents, mainly arising from property management fees charged on a commission basis and income generated from common area value-added services which belongs to property owners in accordance with the relevant property management service contracts, and (ii) deposits made by property owners and residents in relation to interior decorations. Accruals and other payables to related parties were mainly in connection with utility fees paid on behalf of property owners and residents by such related parties as property developers before we took over to make such payment on behalf of property owners and residents.

The following table sets out the breakdown of our accruals and other payables as at the dates indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals and other payables				
– Third parties	603,682	680,872	794,957	818,247
– Related parties	35,675	33,302	28,028	29,238
	639,357	714,174	822,985	847,485
Other tax payables	20,256	31,710	33,293	40,483
Dividend payables	—	140,000	13,580	13,580
Salaries payables	28,742	79,544	18,027	47,790
	688,355	965,428	887,885	949,338

Our accruals and other payables increased from RMB688.4 million as at 31 December 2016 to RMB965.4 million as at 31 December 2017, primarily due to (i) an increase in accruals and other payables to third parties, and (ii) a dividend payables of RMB140.0 million to our Shareholders, Poly Developments and Holdings and Xizang Yingyue, as at 31 December 2017. Our accruals and other payables decreased from RMB965.4 million as at 31 December 2017 to RMB887.9 million as at 31 December 2018, primarily due to a decrease in dividend payables as we paid the dividend of RMB140.0 million in 2018 to the relevant Shareholders and we only had dividend payables of RMB13.6 million as at 31 December 2018 representing dividend declared by Hunan Poly Tianchuang to its then-shareholders prior to being acquired by us in 2018. Our accruals and other payables increased from RMB887.9 million as at 31 December 2018 to RMB949.3 million as at 30 June 2019, primarily due to an increase in salaries payables in connection with work performance bonus to our administrative and other staff.

Contract Liabilities

Contract liabilities represent our obligations to provide the contracted services. Our contract liabilities mainly arise from the advance payments made by customers while the underlying services are yet to be provided. During the Track Record Period, our contract liabilities increased from RMB440.5 million as at 31 December 2016 to RMB559.4 million as at 31 December 2017 and further increased to RMB704.5 million as at 31 December 2018 and RMB808.6 million as at 30 June 2019, respectively, primarily as a result of the growth of our business.

Lease Liabilities

We lease various properties in the PRC mainly as our offices and these lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid. Extension options are included in a number of property leases across our Group. Periods covered by the extension options were included in the lease terms if we are reasonably certain to exercise the options. The total cash outflows for leases including payments of the lease liabilities and payments of interest expenses on leases for the years ended 31 December 2016, 2017, 2018 and the six months ended 30 June 2019 were RMB1.9 million, RMB2.3 million, RMB3.6 million and RMB3.3 million, respectively. The following table sets out the breakdown of our lease liabilities as at the dates indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Minimum lease payments due				
– Within 1 year	2,026	2,860	3,418	2,759
– Between 1 to 2 years	1,911	1,507	2,879	2,303
– Between 2 to 5 years	1,531	3,926	8,110	7,166
– Later than 5 years	900	3,879	6,655	5,707
	6,368	12,172	21,062	17,935
Less: future finance charges	(764)	(2,018)	(3,333)	(2,320)
Present value of lease liabilities	5,604	10,154	17,729	15,615
– Current	1,754	2,331	2,284	2,577
– Non-current	3,850	7,823	15,445	13,038

CAPITAL EXPENDITURES

During the Track Record Period, we incurred capital expenditures mainly for (i) purchase of property, plant and equipment such as electronic equipment, leasehold improvements, furniture and equipment, right-of-use assets and transportation equipment, (ii) acquisition of subsidiaries, namely Hunan Poly Tianchuang and Poly Huichuang Chongqing, and (iii) investment in joint ventures, namely Poly (Ziyang) City Comprehensive Service Co., Ltd. and Shanxi Poly Deao Elevator Co., Ltd., and investment in associates, namely Guangdong Xinzhihui Technology Co., Ltd. and Xizang Poly Aijia Property Agency Co., Ltd.. The following table sets out the breakdown of our relevant capital expenditures for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Additions of property, plant and equipment	24,725	29,442	45,685	13,728	20,495
Acquisition of subsidiaries, net of cash acquired	—	—	26,461	—	(5,507)
Payment for acquisition of associates/ joint ventures	1,150	16,307	4,747	2,047	—
	25,875	45,479	76,893	15,775	14,988

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the carrying amount of our property, plant and equipment was RMB49.6 million, RMB61.0 million, RMB91.1 million and RMB93.8 million, respectively, which consisted mainly of electronic equipment for office use such as computers, servers and air-conditioners, lease hold improvements and right-of-use assets in relation to our leases, furniture and equipment, as well as transportation equipment, for our business expansion and implementation of our cost effective and quality control measures.

For more information on the uses of our capital expenditures during the Track Record Period, see "— Liquidity and Capital Resources — Cash Flows from Investing Activities".

We currently expect our capital expenditures for the year ending 31 December 2019 to be RMB77.1 million, which will be used mainly for purchase of property, plant and equipment.

CAPITAL COMMITMENTS

Capital commitments represent capital expenditure contracted for as at the end of a reporting period but not yet incurred. As at 31 December 2016, 2017 and 2018 and 30 June 2019, our capital commitments were RMB1.0 million, RMB7.9 million, RMB5.1 million and RMB9.6 million, respectively, which represented capital expenditure contracted for but not yet incurred on property, plant and equipment. The general increase of our capital commitments during the Track Record Period was primarily due to our increased renovation on leased properties for our business expansion.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, we did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations of any third parties.

RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

During the Track Record Period, we had certain related party transactions, mainly in relation to (i) provision of services; (ii) purchase of goods and services; (iii) lease contract arrangements; (iv) use of trademark licence; and (v) interest income.

These related party transactions were conducted in accordance with terms as agreed between us and the respective related parties. Our Directors have confirmed that all the aforementioned related party transactions during the Track Record Period were conducted on normal commercial terms that are reasonable and in the interest of our Group as a whole. Our Directors have further confirmed that these related party transactions would not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance.

Provision of services

For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, we had provided services, namely, property management services, value-added services to non-property owners and community value-added services, to related parties, being Poly Developments and Holdings Group (including its joint ventures and associates), in an aggregate amount of RMB607.8 million, RMB633.4 million, RMB782.6 million and RMB516.7 million, respectively.

Purchase of goods and services

For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, we had purchased goods and services from related parties, mainly including (i) purchase of inventories, being the purchase of use rights of carpark spaces in Qingdao, from Poly Developments and Holdings Group of RMB85.5 million in 2018, and (ii) purchase of software development services from our associate and a subsidiary of Poly Developments and Holdings Group, Guangdong Xinzhihui Technology Co., Ltd., of RMB2.9 million, RMB4.3 million, RMB3.5 million and RMB1.6 million, respectively.

Lease contract arrangements

During the Track Record Period, we had leased our offices and other business premises from Poly Developments and Holdings Group (including its joint ventures), and lease contact arrangements with these related parties mainly included rental expenses and payment for lease liabilities and right-of-use assets. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our rental expenses in relation to these lease contract arrangements amounted to RMB1.8 million, RMB4.1 million, RMB8.9 million and RMB7.5 million, respectively. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our payment for lease liabilities for these lease contract arrangements amounted to in aggregate RMB4.4 million, RMB8.9 million, RMB7.2 million and RMB8.4 million, respectively, and our payment for right-of-use assets was in aggregate RMB4.3 million, RMB8.6 million, RMB6.4 million and RMB7.5 million, respectively.

Trademark licence agreement

During the Track Record Period, we had been licenced by Poly Developments and Holdings in respect of certain of its trademarks registered in the PRC, pursuant to which Poly Developments and Holdings had agreed to licence such trademarks for our Group to use in connection with our operations.

Interest Income

During the Track Record Period and up to the Latest Practicable Date, our Group provided certain interest-bearing amounts to some related parties, comprising our investee company, Zhuhai Hele Education Co., Ltd., our associate, Guangdong Xinzhihui Technology Co., Ltd., and certain subsidiaries of Poly Developments and Holdings Group, for their operating cash needs and business development (the "**Relevant Amounts**"). The Relevant Amounts were unsecure, interest-bearing in accordance with prevailing market rates and repayable on demand.

Our interest income generated from the Relevant Amounts due from the related parties was RMB4.6 million, nil, RMB0.1 million and RMB0.5 million for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. As at the Latest Practicable Date, save for the amounts due from Zhuhai Hele Education Co., Ltd. and Guangdong Xinzhihui Technology Co., Ltd. with an outstanding principal amount of RMB22.0 million and RMB1.2 million, respectively, all other Relevant Amounts were fully settled.

As advised by our PRC Legal Advisers, the Lending General Provisions (貸款通則) (the "**Lending General Provisions**") are a regulation promulgated by one of the departments of the State Council, not laws or administrative regulations under the Contract Law of the PRC (合同法) (the "**Contract Law**") for determining, amongst others, the validity of contracts. According to the Lending General Provisions, only financial institutions may legally engage in loan business, and loans as between enterprises that are not financial institutions are prohibited. The PBOC may impose penalties on the lender equivalent to one to five times of the income generated (being interests charged) from the lending activities and issue an order to cease such lending activities. However, according to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the "**SPC Provisions**") promulgated on 23 June 2015 and effective on 1 September 2015, save from the exceptional circumstances that invalidate a contract, the PRC courts will support an enterprise's claim on the validity of contract for private lending so long as such loan contracts among enterprises are entered into for purposes of financing production or business operations. PRC courts will also support an enterprise's claim for interest in respect of such a loan as long as the annual interest rate does not exceed 24%. Pursuant to the Notice of the Supreme People's Court on Conscientiously Studying, Implementing and Applying the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於認真學習貫徹適用《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》的通知) published on 25 August 2015, the SPC Provisions shall apply to lending contracts entered into prior to the implementation of the SPC Provisions that are invalid under the former judicial interpretations but valid under the SPC Provisions. Pursuant to the SPC Provisions, private lending contracts concluded between legal persons or other organizations are effective and valid under PRC law except where the contracts for the lending (i) are void under the Contract Law or (ii) fall within the scope of void lending contracts as particularly provided in the SPC Provision; and if the interest rate provided in a private lending contract in not more than 24% per annual, the PRC courts will rule that the lender is legally entitled to such interest income. As at the Latest Practicable Date, the Company had not received any notice of claim or penalty relating to the Relevant Amounts and based on the public searches conducted by our PRC Legal Advisers, our Group was not subject to any administrative penalty by the PBOC or its local branches as at the Latest Practicable Date. As advised by our PRC Legal Advisers, the risk is remote for our Group to be penalised by the PBOC or to be ordered to cease providing the Relevant Amounts, or for the relevant agreements for the Relevant Amounts to be found invalid by the PRC courts.

During the Track Record Period, we placed deposits in Poly Finance Company Limited, a subsidiary of China Poly Group and a licenced financial institution, and our interest income therefrom amounted to RMB21,275, nil, RMB7.1 million and RMB7.1 million for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. Such deposits were unsecured, interest-bearing in accordance with prevailing market rates and repayable on demand or with a 7-day notice. As at 31 December 2016, 2017 and 2018 and 30 June 2019, our deposits and bank balances included deposits in Poly Finance Company Limited, and the balances of such deposits were nil, nil, RMB1,006.2 million and RMB985.8 million, respectively. For more information, see "Connected Transactions — (C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements — 3. Deposit Service Framework Agreement".

Related party balances

The following table sets out the breakdown of our related party balances as at the dates indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related parties				
– Trade receivables	105,558	137,927	99,711	118,988
– Deposits and other receivables	—	—	34,925	37,951
– Interest receivable	—	—	6,713	3,905
– Prepayments	—	—	755	2,173
	105,558	137,927	142,104	163,017
Amounts due to related parties				
– Accruals and other payables	35,675	33,302	28,028	29,238
– Trade payables	—	—	—	1,753
– Others	30,637	159,205	8,670	9,444
	66,312	192,507	36,698	40,435

Other amounts due to related parties mainly represent dividend payables to related parties and prepayments by related parties in relation to property management fees.

Save for the respective amounts due from Guangdong Xinzhihui Technology Co., Ltd. and Zhuhai Hele Education Co., Ltd. as described above which were shareholder loans and non-trade in nature and were provided by us as a shareholder in proportion to our respective shareholding in these two companies to support their business development on normal commercial terms, all of the outstanding amounts due from and due to our related parties which is non-trade in nature, had been settled as at the Latest Practicable Date. For further details on related party transactions and balances, see Note 29 of the Accountants' Report in Appendix I to this prospectus.

OFF BALANCE SHEET TRANSACTIONS

During the Track Record Period and up to the Latest Practicable Date, we did not enter into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative agreements that are indexed to our equity interests and classified as shareholder's equity, or that are not reflected in our consolidated financial statements. We do not have any material off-balance sheet arrangements, nor do we have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

KEY FINANCIAL RATIOS

The following table sets out certain financial ratios relating to our Group as at the dates or for the periods indicated:

	As at and for the Year ended 31 December			As at and for the six months ended 30 June
	2016	2017	2018	2019(5)
Current ratio(1)	1.17	1.17	1.25	1.29
Quick ratio(2)	1.17	1.17	1.22	1.27
Return on equity(3)	53.8%	63.2%	61.5%	83.4%
Return on total assets(4)	10.4%	12.2%	14.4%	23.4%
Gearing ratio(6)	N/A	N/A	N/A	N/A

Notes:

(1) Current ratio is calculated by dividing total current assets by total current liabilities as at the date indicated.

(2) Quick ratio is calculated by dividing total current assets less inventories by total current liabilities as at the date indicated.

(3) Return on equity is calculated by dividing profit for the year or period by the arithmetic mean of the opening and closing balances of total equity for the relevant year or period and multiplied by 100%.

(4) Return on total assets is calculated by dividing profit for the year or period by the arithmetic mean of the opening and closing balances of total assets for the relevant year or period and multiplied by 100%.

(5) Return on equity and return on total assets ratios have been annualised to be comparable to those of prior years but are not indicative of the actual results.

(6) Gearing ratio is not applicable to us as we did not have any interest-bearing borrowings during the Track Record Period.

Current Ratio and Quick Ratio

Our current ratio as at 31 December 2016, 2017 and 2018 and 30 June 2019 was 1.17, 1.17, 1.25 and 1.29, respectively, and our quick ratio as at those dates was 1.17, 1.17, 1.22 and 1.27, respectively. Our quick ratio was very close to our current ratio as at 31 December 2016 and 2017 because we had relatively small amount of inventories as at those dates. The general increases in our current ratio and quick ratio from 2016 to 2018 were primarily due to the higher increase in current assets than current liabilities mainly as a result of an increase in deposits and bank balances generated from operations. Our further increase in current ratio and quick ratio from 31 December 2018 to 30 June 2019 was mainly attributable to an increase in trade receivables.

Return on Equity

Our return on equity in 2016, 2017 and 2018 and the six months ended 30 June 2019 was 53.8%, 63.2%, 61.5% and 83.4%, respectively. The general increase in return on equity during the Track Record Period was primarily due to the increase in our profit for the year or period as a result of business expansion and improved profitability. We had a return on equity of 63.2% in 2017 because a relatively higher amount of dividend of RMB140.0 million was declared in 2017 to our Shareholders. We had a relatively high return on equity of 83.4% in the first six months of 2019 mainly due to the relatively higher amount of profit for the period we generated coupled with the dividend of RMB160.0 million declared and paid to Shareholders in the same period.

Return on Total Assets

Our return on total assets in 2016, 2017 and 2018 and the six months ended 30 June 2019 was 10.4%, 12.2%, 14.4% and 23.4%, respectively. The general increase in return on total assets during the Track Record Period was primarily due to the increase in our profit for the year or period as a result of business expansion and improved profitability. We had a relatively high return on total assets of 23.4% in the first six months of 2019 mainly due to the relatively higher amount of profit for the period we generated.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

In the normal course of business, we are exposed to various types of market risks, mainly including credit risk and liquidity risk. Our Directors review and agree on policies for managing each of such risks. For further details, see Note 31 of the Accountants' Report in Appendix I to this prospectus.

Credit Risk

We are exposed to credit risk in relation to our trade and other receivables and cash deposits at banks. The carrying amounts of trade and other receivables and cash deposits at banks represent our maximum exposure to credit risk in relation to financial assets.

We expect that there is no significant credit risk associated with cash deposits at banks and financial institution since they are substantially deposited at financial institution and state-owned banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

We have a large number of customers and there was no concentration of credit risk during the Track Record Period. We have implemented monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

We consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk we compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. We also consider available reasonable and supportive forwarding-looking information.

Liquidity Risk

To manage the liquidity risk, we have built an appropriate liquidity risk management framework for the management of our short, medium and long term funding and liquidity management requirements and we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows.

DIVIDENDS AND DIVIDEND POLICY

In 2016, dividend of RMB53.0 million and RMB14.7 million in respect of 2015 was declared and paid by our Company to owners of the Company and by subsidiaries to non-controlling shareholders, respectively. In 2017, dividend of RMB140.0 million in respect of 2016 was declared by our Company to owners of the Company and had been subsequently paid in 2018. In 2018, dividend of RMB70.0 million in respect of 2017 was declared and paid by our Company to owners of the Company. For the six months ended 30 June 2019, dividend of RMB160.0 million in respect of 2018 was declared and paid by our Company to owners of the Company. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

Subject to the provisions of the Articles of Association and applicable PRC laws and regulations, we currently target to distribute to our Shareholders approximately 25% of our profit for the year attributable to owners of the Company from the year ending 31 December 2019 onwards. The payment and amounts of dividends (if any) depend on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects and others factors which we consider relevant. Holders of our Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the shares. The declaration, payment and amount of dividends will be subject to our discretion. The proposed payment of dividends is also subject to the absolute discretion of the Board, and, after Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders.

DISTRIBUTABLE RESERVES

As at 30 June 2019, our Company had retained profits of RMB180.9 million under HKFRSs, as reserves available for distribution to our Shareholders.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma financial information prepared in accordance with paragraph 4.29 of the Main Board Listing Rules and Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants is for illustrative purpose only, and is set out herein to provide the prospective investors with further illustrative financial information about the effect of the Global Offering on the consolidated net tangible assets of the Group as at 30 June 2019 as if the Global Offering had taken place on 30 June 2019. Because of its hypothetical nature, the unaudited pro forma financial information may not give a true picture of the financial position of our Group had the Global Offering been completed on 30 June 2019 or at any future dates.

	Consolidated net tangible assets of the Group as at 30 June 2019	Estimated net proceeds from the issue of new Shares pursuant to the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group	Unaudited pro forma adjusted consolidated net tangible assets per Share	Unaudited pro forma adjusted consolidated net tangible assets per Share
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on Offer Price of HK$30.70 per Offer Share	728,224	3,598,953	4,327,177	8.11	9.03
Based on Offer Price of HK$35.10 per Offer Share	728,224	4,117,889	4,846,113	9.09	10.12

Notes:

1. The consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2019 have been derived from consolidated net assets of the Group as at 30 June 2019, after deduction of non-controlling interests and intangible assets as shown in the Accountants' Report set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on the Company issuing and offering 133,333,400 Shares at the Offer Price of HK$30.70 or HK$35.10 per Offer Share, after deduction of the estimated underwriting fees and commissions and other estimated expenses payable by the Company in relation to the Global Offering which have not been reflected in net tangible assets of the Group as at 30 June 2019. The estimated net proceeds are converted into RMB at an exchange rate of HK$1.00 to RMB0.89802, the exchange rate set by the People's Bank of China for foreign exchange transactions prevailing on 29 November 2019. No representation is made that the HK$ amounts have been, could have been or could be converted into RMB, or vice versa, at that rate, or at any other rate or at all. No account has been taken of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.

3. The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 533,333,400 Shares in issue immediately following the completion of the Global Offering as set out in the "Share Capital" section to this prospectus had the Global Offering been completed on 30 June 2019, but taking no account of any Shares which may be issued upon the exercise of the Over allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.

4. The unaudited pro forma adjusted consolidated net tangible assets per Share are converted to Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.89802, the exchange rate set by the People's Bank of China for foreign exchange transactions prevailing on 29 November 2019. No representation is made that the RMB amounts have been, could have been or could be converted into HKD, or vice versa, at that rate, or at any other rate or at all.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2019.

LISTING EXPENSES

The total listing expenses (including underwriting commissions) for the Listing of the H Shares are estimated to be approximately RMB87.1 million (assuming an Offer Price of HK$32.90 per H Share, being the mid-point of the indicative Offer Price Range), among which, approximately RMB80.5 million is directly attributable to the issuance of H Shares and will be charged to equity upon completion of the Listing, and approximately RMB6.6 million will be charged to our consolidated statement of comprehensive income. During the Track Record Period, we incurred listing expenses of RMB10.1 million, of which approximately RMB8.9 million was included in prepayments and will be subsequently charged to equity upon completion of the Listing and approximately RMB1.2 million was charged to the consolidated statement of comprehensive income. The listing expenses above are the latest practicable estimates and are provided for reference only and actual amounts may differ. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending 31 December 2019.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, since 30 June 2019 and up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountants' Report included in Appendix I to this prospectus.

NO ADDITIONAL DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances which would have given rise to any disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules had the H Shares been listed on the Hong Kong Stock Exchange on that date.

FUTURE PLANS

See "Business — Business 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$32.90 per Offer Share (being the mid-point of the Offer Price Range stated in this prospectus), will be approximately HK$4,289.7 million, after deduction of underwriting fees and commissions and estimated expenses paid and 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$32.90 per Offer Share (being the mid-point of the indicative Offer Price Range):

- Approximately 57%, or HK$2.445.1 million, will be used to pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of our property management business, among which, (i) approximately 46%, or HK$1,973.2 million, will be used to acquire, invest in or cooperate with other property management companies which are suitable for and complementary to our business operations and strategies with a view to enlarge our business scale and solidify our leading industry position; and (ii) approximately 11%, or HK$471.9 million, will be used to acquire or invest in property management companies with a focus on non-residential properties, such as commercial properties and office buildings, to strengthen our management capabilities of commercial operations and to enrich our property management portfolio. When we evaluate a potential investment or acquisition target, we would generally prefer those property management companies that have, amongst others, (a) GFA under management of at least 3.0 million sq.m., (b) maintained annual revenue of at least RMB35.0 million for the most recent financial year, and (c) reputable brand and good corporate creditworthiness. We are also more inclined to consider companies with a listing status and/or leading players among the Top 100 Property Management Companies in China. We would also consider a target company's industry position within a specific market segment (such as with a focus on commercial or public services property management) or geographic area with a view to solidifying our market share covering the five national-level urban agglomerations in China. According to China Index Academy, there are more than 200 players among the Top 100 Property Management Companies each with a GFA under management of at least 3.0 million sq.m. and an annual revenue of at least RMB35.0 million in 2018. As such, our Directors believe that there are sufficient number of suitable target companies available in the market for our aforementioned expansion plan. As at the Latest Practicable Date, we had not identified or committed to any acquisition targets for our use of net proceeds from the Global Offering;

- Approximately 15%, or HK$643.5 million, will be used to further develop our value-added services, among which, (i) approximately 9%, or HK$386.1 million, will be used to invest in companies which provide community products and services complementary to those of ours, including, among others, companies providing furnishing and move-in, housing keeping and automobile related services, as well as companies engaging in smart home business and community media business, and (ii) approximately 6%, or HK$257.4 million, will be used to upgrade hardware and develop smart community and operation services for commercial facilities to enhance the operational efficiency and user experience for our community value-added services;

- Approximately 18%, or HK$772.1 million, will be used to upgrade our systems for digitisation and smart management, among which, (i) approximately 14%, or HK$600.6 million, will be used to purchase and upgrade hardware for the establishment of our smart terminals and Internet of Things platforms, including upgrading our smart carpark system, smart entrance system and integrated property management systems, so as to improve the level of our digitisation and smart management; and (ii) approximately 4%, or HK$171.5 million, will be used for (a) the establishment and development of our internal information sharing platform and database which aim to improve our cost efficiency, enhance our digital processing and big data analysis capabilities and optimise the information management and utilisation amongst our various business departments, (b) the recruitment and cultivation of our professional and technical personnel and information management team, and (c) exploring and the trial deployment of innovative applications in various community scenarios, such as community robots and intelligent inspection systems adopting the AI and smart recognition technologies; and

- Approximately 10%, or HK$429.0 million, will be used for working capital and general corporate purpose. We expect to have increasing needs of working capital as a result of the rapid and organic expansion of our business and diversifying service offerings along with any investment or acquisition if and when suitable opportunities arise.

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 that the Over-allotment Option is exercised.

If the Offer Price is fixed at HK$35.10 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$4,578.6 million, after deduction of underwriting fees and commissions and estimated expenses paid and payable by us in connection with the Global Offering.

If the Offer Price is fixed at HK$30.70 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$4,000.8 million, after deduction of underwriting fees and commissions and estimated expenses paid and 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$605.1 million (assuming an Offer Price of HK$30.70 per Offer Share, being the low end of the proposed Offer Price Range) to HK$691.8 million (assuming an Offer Price of HK$35.10 per Offer Share, being the high end of the proposed Offer Price Range), after deduction of underwriting fees and commissions and estimated expenses paid and payable by us in connection with the Global Offering.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to apply the net proceeds to short-term demand deposits and/or money market instruments. 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.

Details of Expansion Plan

The following table sets out key milestones and timeframe for each expansion plan:

Major categories	Percentage of total proceeds	Amount of proceeds *(HK$ in millions)*	Sub-categories	Percentage of total proceeds	Amount of proceeds *(HK$ in millions)*	Key milestones	Timeframe	Amount of proceeds *(HK$ in millions)*
Investment plan	46%	1,973.2	(i) general acquisition of and investment in other property management companies	12.3%	527.6	• acquisition of and investment in property management companies in the Chengdu-Chongqing-Shaanxi region or central China	2020 2021 2022	102.3 179.7 245.6
				15.0%	643.5	• acquisition of and investment in property management companies in the Beijing-Tianjin-Hebei region or the circum-Bohai region	2020 2021 2022	80.4 241.3 321.8
				18.7%	802.1	• acquisition of and investment in property management companies in the Yangtze River Delta or the Pearl River Delta	2021 2022	320.8 481.3
	11%	471.9	(ii) acquisition of and investment in property management companies with a focus on non-residential properties	7.4%	317.4	• acquisition of and investment in property management companies with a focus on public and other properties	2020 2021 2022	101.0 88.4 128.0
				3.6%	154.5	• acquisition of and investment in property management companies with a focus on commercial and office buildings	2020 2021 2022	19.3 57.9 77.3
Development of value-added services	9%	386.1	(i) investment in companies which provide community products and services	3.5%	150.1	• Investment in companies engaged in furnishing and move-in services and smart home related business	2020 2021 2022	45.0 45.0 60.1
				3.0%	128.7	• Investment in companies engaged in housing keeping business	2020 2021	25.7 103.0
				2.5%	107.3	• Investment in companies engaged in community media related business	2020 2021 2022	32.2 32.2 42.9

Major categories	Percentage of total proceeds	Amount of proceeds (HK$ in millions)	Sub-categories	Percentage of total proceeds	Amount of proceeds (HK$ in millions)	Key milestones	Timeframe	Amount of proceeds (HK$ in millions)
	6%	257.4	(ii) upgrade of hardware and develop smart community and operation services for commercial facilities	1.6%	68.6	• Establishment of provision of automobile related services, such as repair and maintenance, to bring more convenience to property owners and residents	2020 2021 2022	27.4 20.6 20.6
				2.7%	115.8	• Hardware upgrade of community media screens for displaying advertisements and other community value-added services related content	2020 2021 2022	34.8 34.7 46.3
				1.7%	73.0	• Hardware upgrade of commercial facilities, such as parking lots, to attract more customers	2020 2021 2022	36.6 18.2 18.2
Digitisation and smart management upgrade	14%	600.6	(i) upgrade of smart terminals and Internet of Things platform	7.7%	330.3	• Upgrade of smart community Internet of Things platform with deployment of smart sensors equipment for smart management of facilities with introduction of high-definition video cameras equipped with 5G network and 4K image resolution	2020 2021 2022	33.0 99.1 198.2
				2.8%	120.1	• Establishment of unified smart carpark system to realise integrated management and enable smart access with facial recognition in addition to the existing identification via plate number	2020 2021 2022	60.1 36.0 24.0
				3.5%	150.2	• Establishment of unified smart entrance system and cloud video surveillance platform to enhance customer experience by achieving simultaneous entry and facial recognition	2020 2021 2022	60.1 45.0 45.1
	4%	171.5	(ii) other digitisation and smart management related use	2.6%	111.5	• Establishment and development of internal information sharing platform and database to achieve interconnection among the main components of our systems for digitisation and smart management to enhance management efficiency	2020 2021 2022	66.9 22.3 22.3
				0.8%	34.3	• Recruitment and cultivation of relevant professional and technical personnel and information management team with up to 46 relevant staff to be recruited	2020 2021	20.6 13.7
				0.6%	25.7	• Innovative applications for various community scenarios such as utilising robots to patrol in residential communities, undertake cleaning work in commercial and office buildings and inspect of our on-site employee work attendance	2020 2021 2022	5.1 7.7 12.9

HONG KONG UNDERWRITERS

Hong Kong Underwriters

GF Securities (Hong Kong) Brokerage Limited
Huatai Financial Holdings (Hong Kong) Limited
ABCI Securities Company Limited
CLSA Limited
UBS AG Hong Kong Branch
CCB International Capital Limited
Shenwan Hongyuan Securities (H.K.) Limited
Guotai Junan Securities (Hong Kong) Limited
CMB International Capital Limited
Essence International Securities (Hong Kong) Limited
BOCOM International Securities Limited
Wintech Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are initially offering 17,333,600 H Shares (subject to reallocation) for subscription by the public in Hong Kong on, and subject to the terms and conditions set out in this prospectus and the Application Forms.

Subject to:

- the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering as mentioned herein (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option); and
- certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the JGC Representatives (for themselves and on behalf of the Underwriters)),

the Hong Kong Underwriters have agreed severally but not jointly to subscribe or procure subscribers to subscribe for, or failing which to subscribe for themselves, the Hong Kong Offer Shares which are being offered but not taken up under the Hong Kong Public Offering on the terms and subject to the conditions in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the JGC Representatives (for themselves and on behalf of the Underwriters), the Global Offering will not proceed.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The JGC Representatives (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

(a) there shall develops, occurs, exists or comes into effect:

(i) any local, national, regional or international event, series of events or circumstance, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, 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 United Kingdom, any member of the European Union or any other jurisdiction relevant to any member of the Group or the Global Offering (collectively, the "**Relevant Jurisdictions**"); or

(ii) any change, or development involving a prospective change, or any event or series of events or circumstances likely to result in or representing 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 Hong Kong 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 general moratorium on commercial banking activities in or affecting any of the Relevant Jurisdictions (whether imposed by the Financial Secretary or the Hong Kong Monetary Authority or any other competent public, administrative, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self regulatory organisation or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign or supranational and of any jurisdiction ("**Authority**")), 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

(v) any new law, or any change or development involving a prospective change or any event or circumstance likely to result in a change or development involving a prospective change in existing laws or in the interpretation or application thereof by any court or other competent Authority, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) a change or development involving a prospective change in or affecting taxation, 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 or affecting any of the Relevant Jurisdictions; or

(vii) any litigation or claim of any third party being threatened or instigated against any member of the Group or any Director; or

(viii) any material adverse change or development involving a prospective adverse change (whether permanent or not) in the assets, liabilities, conditions, business, prospects (financial or otherwise), earnings, profits, losses or financial or trading position of the Group taken as a whole and/or any member of the Group which has a substantial business operation; or

(ix) a contravention by any member of the Group of the Listing Rules or applicable laws; or

(x) 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; or

(xi) 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

(xii) an Authority or a political body or organisation in any of the Relevant Jurisdictions announcing or commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director or any member of the Group; or

(xiii) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the H Shares (including any H Shares to be issued pursuant to the Over-allotment Option) pursuant to the terms of the Global Offering,

which, individually or in the aggregate, in the sole opinion of the JGC Representatives (for themselves and on behalf of the Hong Kong Underwriters) after prior consultation with the Company: (i) has or will have or may likely have a material adverse effect on the assets, liabilities, business, management, prospects, shareholders' equity, profits, losses, or position or condition, financial or otherwise, of the Group taken as a whole; or (ii) has or will have or may likely have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering or dealings in the Offer Shares in the secondary market; or (iii) makes or will make or may likely make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering or to deliver the Offer Shares on the terms and in the manner contemplated by this prospectus; or (iv) has or will have or may likely have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable or impracticable of performance in accordance with its terms or preventing or delaying 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 JGC 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 or misleading in any material respect, or that any estimate, forecast, 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, in all material aspects, 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 this prospectus, constitute a material misstatement in or an material omission from any of the Hong Kong Public Offering documents and/or any notices, announcements, 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) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(iv) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company or any member of the Group; or

(v) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties of the Company under the Hong Kong Underwriting Agreement or, (in the case of those warranties not already qualified as to materiality) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any material respect, any of such warranties; or

(vi) approval by the Listing Committee of the listing of, and permission to deal in, the H Shares to be issued or sold (including any additional H Shares that may be issued or sold 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, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(vii) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(viii) any person (other than the Joint Sponsors) has withdrawn or is subject to withdraw its consent to being named in any of the Hong Kong Public Offering documents or to the issue of any of the Hong Kong Public Offering documents with the inclusion of its reports, letters and/or summaries of legal opinions (as the case may be).

Undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules

Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, no further H Shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of H Shares or securities will be completed within six months from the Listing Date), except:

(a) under certain circumstances prescribed by Rule 10.08 of the Listing Rules; or

(b) pursuant to the Global Offering (including the Over-allotment Option).

Undertaking by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Hong Kong Stock Exchange and to the Company that, except pursuant to the Global Offering (including the Over-allotment Option), it will not and shall procure that the relevant registered holder(s) controlled by it will not, without the prior written consent of the Hong Kong Stock Exchange and unless in compliance with the requirements of the Listing Rules:

(a) in the period commencing on the date by reference to which disclosure of its shareholdings in the Company is made in this prospectus and ending on the date which is six months from the Listing Date, 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 securities of the Company in respect of which it is shown by this prospectus to be the beneficial owners; and

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, 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 securities 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 then cease to be a group of controlling shareholders of the Company for the purposes of the Listing Rules.

In addition, in accordance with Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has further irrevocably and unconditionally undertaken to the Hong Kong Stock Exchange and us that, within the period commencing on the date by reference to which disclosure of its shareholdings is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will, when it pledges or charges any securities of the Company beneficially owned by it in favour of any authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of securities so pledged or charged and when it receives indications, either verbal or written, from the pledgee or chargee that any of the securities of the Company pledged or charged will be disposed of, immediately inform the Company of such indications.

We will also, as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders, inform the Hong Kong Stock Exchange and disclose such matters as soon as possible by way of an announcement as required under the Listing Rules.

Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that, except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option) at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date falling six months after the Listing Date (the "**First Six-Month Period**"), the Company will not, without the prior written consent of the Joint Sponsors and the JGC Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules (and only after the consent of any relevant PRC Authority (if so required) has been obtained):

(a) issue any H Shares or other securities of the Company (including, without limitation, any securities convertible into or exchangeable or exercisable for any H Shares or other securities of the Company); or

(b) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) above; or

(c) offer to or agree to effect any transaction described in paragraphs (a) or (b) above, in each case, whether any of the foregoing transactions is to be settled by delivery of H Shares or other securities or in cash or otherwise (whether or not the issue of such H Shares or other securities will be completed within the First-Six Month Period).

Pursuant to a deed of undertaking given by Poly Developments and Holdings in favour of the Joint Sponsors, the Joint Global Coordinators and the Underwriters (the "**Deed**"), Poly Developments and Holdings undertakes that, without the prior written consent of the Joint Sponsors and the JGC Representatives (for themselves and on behalf of the Underwriters) and unless in compliance with the requirements of the Listing Rules (and only after the consent of any relevant PRC authority (if so required) has been obtained):

(a) it will not, and will procure that the relevant registered holder(s) will not, in the period commencing on the date of this prospectus and ending on the date on which the First Six-Month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our securities in respect of which it is or they are shown by this prospectus to be the beneficial owner(s); or

(b) in the period of six months commencing on the date on which the First Six-Month Period expires, 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 securities referred to in paragraph (a) 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.

In addition, Poly Developments and Holdings has further undertaken to the Joint Sponsors, the Joint Global Coordinators and the Underwriters that it will, at any time within the period commencing on the date of the Deed and ending on the date which is 12 months from the Listing Date, forthwith inform us, the Joint Sponsors, the Joint Global Coordinators and the Underwriters of:

(a) any pledge or charge of any H Shares or other securities or interests in the H Shares or other securities of the Company beneficially owned by it, together with the number of H Shares or other securities or interests so pledged or charged and the purpose for which such pledge or charge is to be created; and

(b) any indication received by it either verbal or written, from any pledgee or chargee that any of the pledged or charged H Shares or other securities or interests in the H Shares or other securities of the Company will be disposed of.

Indemnity

We have agreed to indemnify, among others, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement as the case may be.

Commission and Expenses

The Hong Kong Underwriters will receive an underwriting commission of 1.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering and any International Offer Shares reallocated from the International Offering to the Hong Kong Public Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters (but not the Hong Kong Underwriters). The Company may also in its sole and absolute discretion pay the Hong Kong Underwriters an additional incentive fee.

Assuming an Offer Price of HK$32.90 per Offer Share (being the mid-point of the indicative Offer Price Range), the aggregate commissions and fees (excluding the payment of discretionary incentive fee (if any) and assuming no exercise of the Over-allotment Option), together with Hong Kong Stock Exchange listing fees, SFC transaction levy, Hong Kong Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK$87.1 million in total. Such commissions, fees and expenses are payable by the Company.

The commission and expenses were determined after arm's length negotiation between the Company and the Hong Kong Underwriters or other parties by reference to the current market conditions.

Hong Kong Underwriters' Interest in our Company

Save for its obligations under the Hong Kong Underwriting Agreement and as disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interests in the Company or any other member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any member of the Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

The International Offering

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the Joint Sponsors, the Joint Global Coordinators and the International Underwriters on or around the Price Determination Date, shortly after the determination of the Offer Price. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to procure subscribers to subscribe for, or failing which to subscribe for themselves, their respective applicable proportions of the International Offer Shares being offered pursuant to the International Offering which are not taken up under the International Offering.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, 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 authorised or to any person to whom it is unlawful to make an offer or invitation. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

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 stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H 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 H Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilising period described in "Structure of the Global Offering." Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Share, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Share), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Share at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

133,333,400 Offer Shares will be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of 17,333,600 H Shares (subject to reallocation) in Hong Kong as described in "— The Hong Kong Public Offering" below; and

(b) the International Offering of an aggregate of initially 115,999,800 H Shares (subject to reallocation and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in "— The International Offering" below.

Investors may either:

(a) apply for Offer Shares under the Hong Kong Public Offering; or

(b) apply for or indicate an interest for Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 25.0% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the total Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-allotment Option.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the paragraph headed — The Hong Kong Public Offering — Reallocation and clawback" below.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 17,333,600 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 13% of the total number of Offer Shares initially available under the Global Offering. The initial number of Shares offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 3.25% of the total Shares in issue immediately following the 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 "— Conditions of the Global Offering" below.

Allocation

Allocation of the 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 the Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided equally (to the nearest board lot) into two pools: pool A will comprise 8,666,800 Hong Kong Offer Shares and pool B will comprise 8,666,800 Hong Kong Offer Shares. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for the Offer Shares means the price payable on application therefore (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 8,666,800 Hong Kong Offer Shares are liable to be rejected.

Reallocation and clawback

The allocation of the Offers Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that the initial allocation of Offer Shares under the Hong Kong Public Offering shall be 13.0% of the Global Offering and in the event of over-subscription under the Hong Kong Public Offering, the JGC Representatives (for themselves and on behalf of the Underwriters), shall apply an alternative clawback mechanism to the provisions under paragraph 4.2 of Practice Note 18 of the Listing Rules, following the closing of the application lists as follows (the "**Mandatory Reallocation**"):

(i) 17,333,600 Offer Shares are initially available in the Hong Kong Public Offering, representing approximately 13.0% of the Offer Shares initially available under the Global Offering;

in the event that the International Offer Shares are fully subscribed or oversubscribed

(ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 14 times or more but less than 46 times the number of the 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 25,333,600 H Shares, representing approximately 19.0% of the Offer Shares initially available under the Global Offering;

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 46 times or more but less than 93 times the number of the 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 32,666,800 H Shares, representing approximately 24.5% of the Offer Shares initially available under the Global Offering;

(iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 93 times or more than the number of the 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 65,333,600 H Shares, representing approximately 49.0% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the JGC Representatives (for themselves and on behalf of the Underwriters). Subject to the foregoing paragraph, the JGC Representatives may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed for, the JGC Representatives (for themselves and on behalf of the Underwriters) have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the JGC Representatives deem appropriate.

In addition to any Mandatory Reallocation which may be required, the JGC Representatives (for themselves and on behalf of the Underwriters) may, at their discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering in accordance with Guidance Letter HKEX-GL-91-18. In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 14 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering provided that the Offer Price would be set at HKD30.70 (low-end of the indicative Office Price), up to 17,333,600 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be increased to 34,667,200 Offer Shares, representing approximately 26.0% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

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 have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

The listing of the H Shares on the Hong Kong 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$35.10 per Offer Share in addition to the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "— Pricing of the Global Offering" below, is less than the Maximum Offer Price of HK$35.10 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

Subject to reallocation as described above, the International Offering will consist of an offering of initially 115,999,800 Offer Shares, representing approximately 87.0% of the total number of Offer Shares initially available under the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. 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 Offer Shares pursuant to the International Offering will be effected in accordance with the "bookbuilding" process described in "— Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and the Shareholders as a whole.

The JGC Representatives (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the JGC 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 Offer Shares under the Hong Kong Public Offering.

Reallocation and clawback

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in "— The Hong Kong Public Offering" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, the Company is expected to grant an Over-allotment Option to the International Underwriters exercisable by the JGC Representatives (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the JGC Representatives (for themselves and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require the Company to issue and allot up to 20,000,000 additional Offer Shares, representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.61% of the total Shares in issue 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.

STABILISATION

Stabilisation 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 securities in the secondary market, during a specified period of time inter alia, 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 stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilising transactions with a view to stabilising or maintaining the market price of the H Shares for a limited period after the Listing Date at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilising Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilising Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilising Manager will consider, among others, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilising transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising action, which if taken, (a) will be conducted at the absolute discretion of the Stabilising Manager or any person acting for it, (b) may be discontinued at any time, and (c) is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering provided, however, that we may at any time during such period terminate with immediate effect the taking of all such stabilising actions by giving prior written notice to the Stabilising Manager. The number of the Shares that may be over-allocated will not exceed the number of the H Shares that may be issued under the Over-allotment Option, namely, 20,000,000 Offer Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilising activities must be carried out in accordance with the Securities and Futures (Price Stabilising) Rules. Stabilising actions permitted pursuant to the Securities and Futures (Price Stabilising) Rules include:

(a) over-allocating for the purpose of preventing or minimising any reduction in the market price of the H Shares;

(b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimising any deduction in the market price of the H Shares;

(c) subscribing, or agreeing to subscribe, for the H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimising any reduction in the market price of the H Shares;

(e) selling or agreeing to sell any H Shares to liquidate any position established as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilising actions by the Stabilising Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation.

Prospective applications for investors in the Offer Shares should note that:

(a) as a result of effecting transactions to stabilise or maintain the market price of the H Shares, the Stabilising Manager, or any person acting for it, may maintain a long position in the H Shares;

(b) the size of the long position, and the period for which the Stabilising Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilising Manager and is uncertain;

(c) liquidation of any such long position by the Stabilising Manager and selling in the open market may lead to a decline in the market price of the H Shares;

(d) no stabilising action can be taken to support the price of the H Shares for longer than the stabilising period, which begins on the Listing Date, and is expected to expire on Saturday, 11 January 2020, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the H Shares, and their market price, could fall after the end of the stabilising period. These activities by the Stabilising Manager may stabilise, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market;

(e) any stabilising action taken by the Stabilising Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilising period; and

(f) stabilising bids or transactions effected in the course of the stabilising action may be made at a price at or below the Offer Price and therefore at or below the price paid by applicants for, or investors in, the Offer Shares.

An announcement in compliance with the Securities and Futures (Price Stabilising) Rules will be made within seven days of the expiration of the stabilising period.

PRICING OF THE GLOBAL OFFERING

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, 12 December 2019 and in any event on or before Friday, 13 December 2019 (or such later date as the parties may agree), by agreement between the JGC Representatives (for themselves and on behalf of the Underwriters) and the Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$35.10 per H Share and is expected to be not less than HK$30.70 per H Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Minimum Offer Price stated in this prospectus.**

The JGC Representatives, for themselves and on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of the Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price Range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, 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 day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of the Company (**www.polywuye.com**) notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price Range will be final and conclusive and the Offer Price, if agreed upon by the JGC Representatives (for themselves and on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price Range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering 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 confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and the Offer Price, if agreed upon with the Company and the JGC Representatives, 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 being offered under the Global Offering, the JGC Representatives may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of H Shares comprised in the Hong Kong Public Offering shall not be less than 13% of the total number of Offer

Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the JGC Representatives.

The Offer Price for H Shares under the Global Offering, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocation in the Hong Kong Public Offering are expected to be announced on Wednesday, 18 December 2019 through a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(i) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be offered pursuant to the Global Offering as mentioned herein (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and such approval not having been withdrawn;

(ii) the Offer Price having been duly agreed between the Company and the JGC Representatives (for themselves and on behalf of the Underwriters) on the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

In each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Company and the JGC Representatives (for themselves and on behalf of the Underwriters) on or before Friday, 13 December 2019 (or such later date as the parties may agree), the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and the website of the Company (**www.polywuye.com**) on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in section entitled "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banker or other licenced bank(s) in Hong Kong licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Wednesday, 18 December 2019 but will only become valid certificates of title at 8:00 a.m. on Thursday, 19 December 2019 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus has not been exercised at or before that time.

DEALING IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 19 December 2019, it is expected that dealings in the H Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Thursday, 19 December 2019. The H Shares will be traded in board lots of 200 H Shares each and the stock code of the H Shares will be 06049.

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 **HK eIPO White Form** service at www.hkeipo.hk or the **IPO APP**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

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 authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Global Coordinators 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 **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate or a close associate (as defined in the Listing Rules) of any of the above;
- a connected person or a core connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through the **HK eIPO White Form** service at **www.hkeipo.hk** or the **IPO APP**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 9 December 2019 until 12:00 noon on Thursday, 12 December 2019 from:

(i) the following address of the Hong Kong Underwriters:

GF Securities (Hong Kong) Brokerage Limited	29-30/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Huatai Financial Holdings (Hong Kong) Limited	62/F, The Center 99 Queen's Road Central Central Hong Kong
ABCI Securities Company Limited	10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong

CLSA Limited	18/F, One Pacific Place 88 Queensway Hong Kong
UBS AG Hong Kong Branch	52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
CCB International Capital Limited	12/F, CCB Tower 3 Connaught Road Central Central Hong Kong
Shenwan Hongyuan Securities (H.K.) Limited	Level 19 28 Hennessy Road Hong Kong
Guotai Junan Securities (Hong Kong) Limited	27/F, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
CMB International Capital Limited	45/F, Champion Tower 3 Garden Road Central Hong Kong
Essence International Securities (Hong Kong) Limited	39/F, One Exchange Square Central Hong Kong
BOCOM International Securities Limited	9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong
Wintech Securities Limited	Unit F, 20/F China Overseas Building 139 Hennessy Road Hong Kong

(ii) any of the following branches of the receiving bank of the Hong Kong Public Offering:

Bank of China (Hong Kong) Limited

District	Branch Name	Address
Hong Kong Island	Des Voeux Road West Branch	111-119 Des Voeux Road West, Hong Kong
	Lee Chung Street Branch	29-31 Lee Chung Street, Chai Wan, Hong Kong
	409 Hennessy Road Branch	409-415 Hennessy Road, Wan Chai, Hong Kong
Kowloon	Kwun Tong Plaza Branch	G1 Kwun Tong Plaza, 68 Hoi Yuen Road, Kwun Tong, Kowloon
	Prince Edward Road West (Mong Kok) Branch	116-118 Prince Edward Road West, Mong Kok, Kowloon
	Tsim Sha Tsui East Branch	Shop 3, LG/F, Hilton Towers, 96 Granville Road, Tsim Sha Tsui East, Kowloon
New Territories	Tai Po Branch	68-70 Po Heung Street, Tai Po Market, New Territories
	Tuen Mun San Hui Branch	G13-G14 Eldo Court, Heung Sze Wui Road, Tuen Mun, New Territories
	Castle Peak Road (Tsuen Wan) Branch	G/F-1/F, Sin Ching Building, 201-207 Castle Peak Road (Tsuen Wan), Tsuen Wan, New Territories
	Yuen Long (Hang Fat Mansion) Branch	8-18 Castle Peak Road, Yuen Long, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 9 December 2019 until 12:00 noon on Thursday, 12 December 2019 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 "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED – POLY PROPERTY 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, 9 December 2019**	**9:00 a.m. to 5:00 p.m.**
• **Tuesday, 10 December 2019**	**9:00 a.m. to 5:00 p.m.**
• **Wednesday, 11 December 2019**	**9:00 a.m. to 5:00 p.m.**
• **Thursday, 12 December 2019**	**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, 12 December 2019, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the **WHITE** or **YELLOW** Application Form carefully; otherwise, your application may be rejected.

By submitting a **WHITE** or **YELLOW** Application Form or applying through the **HK eIPO White Form** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the JGC Representatives (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Articles;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company and the Relevant Persons is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to our Company, the H Share Registrar, receiving bank and the Relevant Persons and/or their respective directors, officers, employees, agents, affiliates or advisers or any other party involved in the Global Offering any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company nor the Relevant Persons will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S), or are a person described in paragraph (h)(3) of Rule 902 of Regulation S, and are not a U.S. person (as defined in Regulation S);

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Auto 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 chosen to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or

YELLOW Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK EIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "2. Who can apply" in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk** or the **IPO APP**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of **the HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** or the **IPO APP** (24 hours daily, except on the last application day) from 9.00 a.m. on Monday, 9 December 2019 until 11:30 a.m. on Thursday, 12 December 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 12 December 2019 or such later time under "10. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment 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 **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service 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 authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and our H Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- (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 authorised to give those instructions as their agent;
- confirm that you understand that our Company, our Directors and the JGC 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;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company or the Relevant Persons, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our H Share Registrar, receiving bank(s) and the Relevant Persons;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the

application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each shareholder of our Company and each director, supervisor, manager and other senior officer of our Company (and so that our Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of our Company and each director, supervisor, manager and other senior officer of our Company, with each CCASS Participant giving **electronic application instructions**):

  (a) to refer all differences and claims arising from the Articles of Association of our Company or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with the Articles of Association of our Company;

  (b) that any award made in such arbitration shall be final and conclusive; and

  (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with our Company (for our Company itself and for the benefit of each shareholder of our Company) that H Shares in our Company are freely transferable by their holders;

- authorise our Company to enter into a contract on its behalf with each director and officer of our Company whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of our Company; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised 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 authorised HKSCC to arrange payment of the Maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the Maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 200 Hong Kong Offer Shares. Instructions for more than 200 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- **Monday, 9 December 2019 — 9:00 a.m. to 8:30 p.m.**
- **Tuesday, 10 December 2019 — 8:00 a.m. to 8:30 p.m.**
- **Wednesday, 11 December 2019 — 8:00 a.m. to 8:30 p.m.**
- **Thursday, 12 December 2019 — 8:00 a.m. to 12:00 noon**

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 9 December 2019 until 12:00 noon on Thursday, 12 December 2019 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 12 December 2019, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the H Share Registrar, the receiving bankers and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The 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 **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Relevant Persons and the **HK eIPO White Form** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be 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, 12 December 2019, or such later time as described in "10. Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

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 **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Hong Kong Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of 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).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the Maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 200 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 200 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk** or the **IPO APP**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to "Structure of the Global Offering — Pricing of the Global Offering".

10. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 12 December 2019. 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, 12 December 2019 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, 18 December 2019 on our Company's website at **www.polywuye.com** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.polywuye.com** and the Hong Kong Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m., Wednesday, 18 December 2019;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** (alternatively: **www.hkeipo.hk/IPOResult**) or from the "Allotment Result" function in the **IPO APP** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, 18 December 2019 to 12:00 midnight on Tuesday, 24 December 2019;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 18 December 2019 to Monday, 23 December 2019 (excluding Saturday, Sunday and public holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 18 December 2019 to Friday, 20 December 2019 at all the receiving bank's designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. For further details, please refer to "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** 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 Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Hong Kong 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 our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- 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;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website (**www.hkeipo.hk**);
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 8,666,800 Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. 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$35.10 per Offer Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the 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 Hong Kong 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, 18 December 2019.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one H 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 H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** 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:

- H Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, H 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, 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 Hong Kong 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(s), 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 dispatch/collection of H Share certificates and refund monies as mentioned below, any refund cheques and H Share certificates are expected to be posted on or around Wednesday, 18 December 2019. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

H Share certificates will only become valid at 8:00 a.m. on Thursday, 19 December 2019 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 H Share certificates or the H Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer 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 H Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 18 December 2019 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 authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your refund cheque(s) and/or H Share certificate(s) personally within the time specified for collection, they will be dispatched 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, your refund cheque(s) and/or H Share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, 18 December 2019, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. 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 Wednesday, 18 December 2019, 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 H 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, 18 December 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

  For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can cheque the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS Investor Participant*

  Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should cheque the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m., Wednesday, 18 December 2019 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 cheque your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form 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 H Share certificate(s) from the H Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 18 December 2019, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of H Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your H 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 H Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Wednesday, 18 December 2019 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 dispatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via electronic application instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of H Share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your H 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, 18 December 2019, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "11. Publication of Results" above on Wednesday, 18 December 2019. You should cheque the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 18 December 2019 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 cheque 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 cheque 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, 18 December 2019. 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 Hong Kong Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 18 December 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, our H Shares and we comply with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our H Shares to be admitted into CCASS.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF POLY PROPERTY DEVELOPMENT CO., LTD. AND GF CAPITAL (HONG KONG) LIMITED, HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Poly Property Development Co., Ltd. (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages I-3 to I-63, which comprises the consolidated statements of financial position as at 31 December 2016, 2017 and 2018 and 30 June 2019, and the statement of the financial position of the Company as at 31 December 2016, 2017 and 2018 and 30 June 2019 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three years ended 31 December 2016, 2017 and 2018 and for the six months ended 30 June 2019 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-63 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated 9 December 2019 (the "**Prospectus**") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2016, 2017 and 2018 and 30 June 2019 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2018 and other explanatory information (together the "**Stub Period Comparative Historical Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 10 to the Historical Financial Information which states the details of dividend have been paid by the Company in respect of the Track Record Period.

BDO Limited
Certified Public Accountants

Wan Che Bun
Practising Certificate Number P05804
Hong Kong, 9 December 2019

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 consolidated financial statements of the Group for the Track Record Period (also referred to as the "**Relevant Periods**"), on which the Historical Financial Information is based, were audited by BDO Limited in accordance with Hong Kong Standards on Auditing (the "**HKSA**") issued by the Hong Kong Institute of Certified Public Accountants (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.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 December			Six months ended 30 June	
		2016	2017	2018	2018	2019
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	*6*	2,564,187	3,240,334	4,229,378	1,915,794	2,822,020
Cost of services		(2,135,724)	(2,659,544)	(3,378,100)	(1,472,922)	(2,155,502)
Gross profit		428,463	580,790	851,278	442,872	666,518
Other income and other net gain/(loss)	*7*	22,874	30,988	26,638	4,851	6,589
Administrative expenses		(240,904)	(307,292)	(415,266)	(153,048)	(245,009)
Share of associates'/joint ventures' results		(235)	1,237	4,607	2,180	10,002
Finance cost		(339)	(399)	(823)	(329)	(435)
Other expense		(2,553)	(2,059)	(3,621)	(751)	(513)
Profit before income tax expense	*8*	207,306	303,265	462,813	295,775	437,152
Income tax expense	*9*	(58,131)	(78,583)	(126,746)	(80,352)	(116,381)
Profit for the year/ period		149,175	224,682	336,067	215,423	320,771
Other comprehensive income, net of tax						
Items that will not be reclassified subsequently to profit or loss:						
Financial assets at fair value through other comprehensive income ("**FVTOCI**")						
– Change in fair value		(200)	3,750	5,508	2,508	2,900
Profits and total comprehensive income for the year/ period		148,975	228,432	341,575	217,931	323,671
Profits and total comprehensive income for the year/ period attributable to:						
— Owners of the Company		145,336	223,181	333,952	216,110	316,484
— Non-controlling interests		3,639	5,251	7,623	1,821	7,187
Earnings per share (expressed in RMB per share)						
Basic and diluted earnings per share	*11*	N/A	N/A	N/A	N/A	N/A

Consolidated Statements of Financial Position

	Notes	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 30 June 2019
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Interests in associates/joint ventures	13	447	17,468	26,822	36,824
Property, plant and equipment	14	49,597	61,036	91,064	93,782
Investment properties	15	47,451	22,420	18,946	17,535
Financial assets at fair value through other comprehensive income ("**FVTOCI**")	16	3,200	7,400	10,800	13,700
Intangible assets	17	—	—	98,583	99,264
Prepayments for property, plant and equipment	20	226	4,169	5,304	6,330
Deferred tax assets	25	1,638	2,715	3,551	5,794
		102,559	115,208	255,070	273,229
Current assets					
Inventories	18	1,013	1,536	65,981	54,284
Trade receivables	19	127,645	224,677	196,296	460,419
Prepayments, deposits and other receivables	20	64,743	121,597	223,515	307,315
Deposits and bank balances	21	1,279,517	1,649,053	1,811,570	1,903,408
		1,472,918	1,996,863	2,297,362	2,725,426
Current liabilities					
Trade payables	22	119,997	157,985	193,320	270,414
Accruals and other payables	23	688,355	965,428	887,885	949,338
Lease liabilities	24	1,754	2,331	2,284	2,577
Contract liabilities	6	440,491	559,442	704,493	808,628
Income tax payable		10,135	18,755	42,763	74,297
		1,260,732	1,703,941	1,830,745	2,105,254
Net current assets		212,186	292,922	466,617	620,172
Total assets less current liabilities		314,745	408,130	721,687	893,401

	Notes	As at 31 December 2016 RMB'000	As at 31 December 2017 RMB'000	As at 31 December 2018 RMB'000	As at 30 June 2019 RMB'000
Non-current liabilities					
Lease liabilities	*24*	3,850	7,823	15,445	13,038
Deferred tax liabilities	*25*	—	—	13,113	13,532
		3,850	7,823	28,558	26,570
Net assets		310,895	400,307	693,129	866,831
EQUITY					
Capital and reserves attributable to owners of the Company					
Capital	*26*	100,000	100,000	100,000	400,000
Reserves		202,725	285,906	549,858	406,342
Equity attributable to owners of the Company		302,725	385,906	649,858	806,342
Non-controlling interests		8,170	14,401	43,271	60,489
Total equity		310,895	400,307	693,129	866,831

Statements of Financial Position of the Company

	Notes	As at 31 December 2016 RMB'000	2017 RMB'000	2018 RMB'000	As at 30 June 2019 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Investments in subsidiaries		48,878	59,898	149,898	163,998
Interests in associates/joint ventures		447	17,468	26,822	36,824
Property, plant and equipment		25,809	31,871	43,770	42,981
Investment properties		47,451	22,420	18,946	17,535
Financial assets at fair value through other comprehensive income ("**FVTOCI**")		3,200	7,400	10,800	13,700
Prepayments for property, plant and equipment		125	2,775	2,368	6,169
Deferred tax assets		774	1,830	2,392	3,998
		126,684	143,662	254,996	285,205
Current assets					
Inventories		788	1,370	65,871	54,102
Trade receivables		66,296	132,107	127,429	274,120
Prepayment, deposits and other receivables		47,255	90,138	232,615	320,272
Deposits and bank balances		948,891	1,217,805	1,475,487	1,554,547
		1,063,230	1,441,420	1,901,402	2,203,041
Current liabilities					
Trade payables		73,111	95,256	120,350	166,791
Accruals and other payables		681,295	978,546	1,241,220	1,167,174
Lease liabilities		1,184	1,471	495	754
Contract liabilities		178,806	243,062	333,652	425,271
Income tax payable		4,178	6,221	23,711	44,365
		938,574	1,324,556	1,719,428	1,804,355
Net current assets		124,656	116,864	181,974	398,686
Total assets less current liabilities		251,340	260,526	436,970	683,891
Non-current liabilities					
Lease liabilities		987	520	436	566
Deferred tax liabilities		–	–	–	474
		987	520	436	1,040
Net Assets		250,353	260,006	436,534	682,851
EQUITY					
Capital and reserves attributable to owners of the Company					
Capital	*26*	100,000	100,000	100,000	400,000
Reserves		150,353	160,006	336,534	282,851
Total equity		250,353	260,006	436,534	682,851

Consolidated Statements of Changes in Equity

	Capital	Reserves: Capital reserves*	Reserves: Statutory reserves*	Reserves: Fair value reserves*	Retained profits*	Equity attributable to owners of the Company	Non-Controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000* *(Note a)*	*RMB'000* *(Note b)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016	50,000	223	14,030	242	134,449	198,944	45,124	244,068
Profit for the year	—	—	—	—	145,536	145,536	3,639	149,175
Unrealised fair value change on financial assets at FVTOCI	—	—	—	(200)	—	(200)	—	(200)
Issue of shares *(Note c)*	2,632	7,210	—	—	—	9,842	—	9,842
Appropriation of statutory reserve	—	—	11,521	—	(11,521)	—	—	—
Capital contribution by non-controlling shareholders	—	—	—	—	—	—	490	490
Acquisition of non-controlling interest	—	1,632	—	—	—	1,632	(26,413)	(24,781)
Transfer from capital reserve to share capital *(Note d)*	7,433	(7,433)	—	—	—	—	—	—
Transfer from statutory reserve to share capital *(Note d)*	18,085	—	(18,085)	—	—	—	—	—
Conversion into a joint stock company *(Note d)*	21,850	83,962	—	—	(105,812)	—	—	—
Dividends approved in respect of previous year	—	—	—	—	(53,029)	(53,029)	—	(53,029)
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	(14,670)	(14,670)
At 31 December 2016 and 1 January 2017	100,000	85,594	7,466	42	109,623	302,725	8,170	310,895
Profit for the year	—	—	—	—	219,431	219,431	5,251	224,682
Unrealised fair value change on financial assets at FVTOCI	—	—	—	3,750	—	3,750	—	3,750
Capital contribution by non-controlling shareholders	—	—	—	—	—	—	980	980
Appropriation of statutory reserve	—	—	15,869	—	(15,869)	—	—	—
Dividends approved in respect of previous year	—	—	—	—	(140,000)	(140,000)	—	(140,000)
At 31 December 2017 and 1 January 2018	100,000	85,594	23,335	3,792	173,185	385,906	14,401	400,307
Profit for the year	—	—	—	—	328,444	328,444	7,623	336,067
Unrealised fair value change on financial assets at FVTOCI	—	—	—	5,508	—	5,508	—	5,508
Appropriation of statutory reserve	—	—	22,121	—	(22,121)	—	—	—
Acquisition of a subsidiary	—	—	—	—	—	—	21,247	21,247
Dividends approved in respect of previous year	—	—	—	—	(70,000)	(70,000)	—	(70,000)

	Capital	Reserves: Capital reserves*	Reserves: Statutory reserves*	Reserves: Fair value reserves*	Reserves: Retained profits*	Equity attributable to owners of the Company	Non-Controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000* *(Note a)*	*RMB'000* *(Note b)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018 and 1 January 2019	100,000	85,594	45,456	9,300	409,508	649,858	43,271	693,129
Profit for the period	—	—	—	—	313,584	313,584	7,187	320,771
Unrealised fair value change on financial assets at FVTOCI	—	—	—	2,900	—	2,900	—	2,900
Issue of shares *(Note e)*	300,000	(80,000)	—	—	(220,000)	—	—	—
Capital contribution by non-controlling shareholders	—	—	—	—	—	—	6,980	6,980
Appropriation of statutory reserve	—	—	40,341	—	(40,341)	—	—	—
Acquisition of a subsidiary	—	—	—	—	—	—	3,051	3,051
Dividend approved in respect of the previous year	—	—	—	—	(160,000)	(160,000)	—	(160,000)
At 30 June 2019	400,000	5,594	85,797	12,200	302,751	806,342	60,489	866,831
At 1 January 2018	100,000	85,594	23,335	3,792	173,185	385,906	14,401	400,307
Profit for the period	—	—	—	—	213,602	213,602	1,821	215,423
Unrealised fair value change on financial assets at FVTOCI	—	—	—	2,508	—	2,508	—	2,508
Appropriation of statutory reserve	—	—	14,777	—	(14,777)	—	—	—
Dividends approved in respect of the current year	—	—	—	—	(70,000)	(70,000)	—	(70,000)
At 30 June 2018 (Unaudited)	100,000	85,594	38,112	6,300	302,010	532,016	16,222	548,238

* The total of these amounts as at the reporting dates represents "Reserves" in the consolidated statements of financial position.

Notes:

(a) Statutory reserves represented the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China ("**PRC**") (based on the subsidiaries' PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserves reach 50% of the registered capital of the subsidiaries. The statutory reserves cannot be reduced except either in setting off the accumulated losses or increasing capital.

(b) Fair value reserves represented the cumulative net change in the financial assets at FVTOCI held at the end of each reporting period and is dealt with in accordance with the accounting policy set out in Note 3.13.

(c) Pursuant to the capital injection agreement dated 20 May 2016, Xizang Yingyue Investment Management Co., Ltd. ("**Xizang Yingyue**") agreed to subscribe for 2,632,000 shares of the Company of RMB1 each at cash consideration of RMB9,842,000. The payment for the subscription amounts was completed on 26 May 2016. Upon completion of the subscription, the Company's share capital and capital reserve increased by RMB2,632,000 and RMB7,210,000 respectively.

(d) Pursuant to the Company's shareholder's resolution dated 26 September 2016, the Company was converted from a limited liability company into a joint stock limited liability company. By reference to the net asset value of the Company as at 31 May 2016 of approximately RMB183,962,000, the Company converted 100,000,000 share of RMB1 each to its shareholders. The excess of net asset value over the share capital of the Company was recognised as capital surplus. Accordingly, the Company's capital reserve of RMB7,433,000 and statutory reserve of RMB18,085,000 as of 31 May 2016 were converted into share capital and the balance of retained earnings of RMB105,812,000 of the Company as of 31 May 2016 were transferred to capital reserves and share capital.

(e) Pursuant to the Company's shareholder's resolution dated 7 May 2019, the Company has increased its share capital from RMB100,000,000 to RMB400,000,000 divided into 400,000,000 shares of RMB1 each, by way of the capitalization of capital reserves and retained earnings of the Company of RMB80,000,000 and RMB220,000,000 respectively.

Consolidated Statements of Cash Flows

		Year ended 31 December			Six months ended 30 June	
		2016	2017	2018	2018	2019
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Cash flows from operating activities						
Cash generated from operations	*32*	850,216	432,990	544,199	222,986	334,840
Income tax paid		(78,748)	(71,040)	(110,625)	(40,729)	(87,421)
Interest paid		(339)	(399)	(823)	(329)	(435)
Net cash generated from operating activities		771,129	361,551	432,751	181,928	246,984
Cash flows from investing activities						
Acquisition of subsidiaries, net of cash acquired		—	—	(26,461)	—	5,507
Purchase of property, plant and equipment		(24,521)	(24,172)	(30,293)	(8,880)	(13,282)
Payment for financial asset at FVTOCI		—	(450)	—	—	—
Payment for acquisition of associates/joint ventures		(1,150)	(16,307)	(4,747)	(2,047)	—
Placement of time deposits with original maturity over three months		(4,000)	(30,000)	(30,000)	—	—
Withdrawal of time deposits with original maturity over three months		—	—	64,000	24,000	18,000
Proceeds from disposal of property, plant and equipment		1,101	481	781	47	1,126
Proceeds from disposal of investment properties		—	43,759	6,745	—	2,330
Proceeds from disposal of financial assets at FVTOCI		—	—	2,052	2,052	—
Bank interest income received		6,961	10,881	9,279	7,727	1,382
Other interest income received		4,631	—	567	—	9,863
Deposits paid for acquisition of property, plant and equipment		(204)	(5,270)	(15,392)	(4,848)	(7,213)
Investment income from financial assets at FVTOCI		8,500	—	—	—	—
Net cash (used in)/generated from investing activities		(8,682)	(21,078)	(23,469)	18,051	17,713

		Year ended 31 December			Six months ended 30 June	
		2016	2017	2018	2018	2019
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Cash flows from financing activities						
New issues of shares		9,842	—	—	—	—
Capital injection from non-controlling interests		490	980	—	—	6,980
Acquisition of non-controlling interests		(24,781)	—	—	—	—
Dividends paid to owners of the Company		(53,029)	—	(210,000)	(210,000)	(160,000)
Dividends paid to non-controlling interests		(14,670)	—	—	—	—
Payment of lease liabilities		(1,589)	(1,917)	(2,765)	(1,264)	(2,839)
Net cash used in financing activities		(83,737)	(937)	(212,765)	(211,264)	(155,859)
Net increase/(decrease) in cash and cash equivalents		678,710	339,536	196,517	(11,285)	108,838
Cash and cash equivalents at beginning of the year/period		578,807	1,257,517	1,597,053	1,597,053	1,793,570
Cash and cash equivalents at end of the year/period		1,257,517	1,597,053	1,793,570	1,585,768	1,902,408

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the PRC on 26 June 1996 under the PRC Companies Law. The addresses of the Company's registered office is located at Rooms 201-208, No 688 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong Province, the PRC. The Company's principal place of business is located at the PRC.

The Company and its subsidiaries (the "**Group**") are principally engaged in provision of property management service, community value-added services and value-added services to non-property owners in the PRC (the "**Listing Business**").

During the Track Record Period, the Listing Business was conducted through the Company and its subsidiaries. The Company is a wholly owned subsidiary (directly and indirectly) of Poly Developments and Holdings Group Co., Ltd ("**Poly Developments and Holdings**") (previously named as Poly Real Estate Group Co., Ltd.). Poly Developments and Holdings and its affiliated companies, other than members of the Group, are hereinafter collectively referred to as Poly Developments and Holdings Group. The ultimate holding company is China Poly Group Corporation Limited ("**China Poly Group**"), a state-owned enterprise established in the PRC.

Particulars of the Company's subsidiaries at the date of this report are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Company At 31 December 2016	2017	2018	At 30 June 2019	At date of this report	Issued and fully paid share capital	Principal activities
Poly (Guangzhou) Property Development Co., Ltd., ("**Poly (Guangzhou)**"), 保利(廣州)物業發展有限公司 *(Note (d))*	Incorporated on 10 March 2017 in the PRC	—	100%	100%	100%	100%	RMB10,000,000	Property management
Guangzhou Poly Commercial Property Development Co., Ltd., ("**Guangzhou Poly Commercial**"),廣州保利商業物業發展有限公司 *(Note (d))*	Incorporated on 30 March 2017 in the PRC	—	100%	100%	100%	100%	RMB10,000,000	Property management
Poly (Foshan) Property Service Co., Ltd., ("**Poly (Foshan)**"), 保利(佛山)物業服務有限公司 *(Note (d))*	Incorporated on 24 December 2009 in the PRC	100%	100%	100%	100%	100%	RMB5,000,000	Property management
Yangjiang Poly Property Management Co., Ltd., ("**Yangjiang Poly**"), 陽江保利物業管理有限公司 *(Note (d))*	Incorporated on 11 December 2009 in the PRC	100%	100%	100%	100%	100%	RMB3,000,000	Property management
Poly Property Management (Beijing) Co., Ltd., ("**Poly (Beijing)**"), 保利物業管理(北京)有限公司 *(Note (d))*	Incorporated on 15 December 2003 in the PRC	100%	100%	100%	100%	100%	RMB5,000,000	Property management
Tianjin Poly Metropolis Property Service Co., Ltd., ("**Tianjin Poly Metropolis**"), 天津保利大都會物業服務有限公司 *(Note (d))*	Incorporated on 21 June 2010 in the PRC	100%	100%	100%	100%	100%	RMB500,000	Property management
Tianjin Xinhe Fitness Service Co., Ltd., ("**Tianjin Xinhe**"), 天津鑫和健身服務有限公司 *(Note (e))*	Incorporated on 23 June 2014 in the PRC	100%	100%	100%	100%	100%	RMB100,000	Fitness service
Hebei Poly Property Service Co., Ltd., ("**Hebei Poly**"), 河北保利物業服務有限公司 *(Note (d))*	Incorporated on 26 August 2016 in the PRC	100%	100%	100%	100%	100%	RMB nil	Inactive

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Company At 31 December 2016	2017	2018	At 30 June 2019	At date of this report	Issued and fully paid share capital	Principal activities
Poly (Shanghai) Urban Development Service Co., Ltd., ("**Poly (Shanghai)**"), 保利(上海)城市建設服務有限公司, previously named Shanghai Poly Han Property Co., Ltd., ("**Shanghai Poly Han**"), 上海保利翰物業有限公司 *(Note (d))*	Incorporated on 13 September 2012 in the PRC	100%	100%	100%	100%	100%	RMB1,000,000	Property management
Zhejiang Poly Property Management Co., Ltd., ("**Zhejiang Poly**"), 浙江保利物業管理有限公司 *(Note (d))*	Incorporated on 12 July 2010 in the PRC	100%	100%	100%	100%	100%	RMB5,000,000	Property management
Poly (Xiamen) Property Management Co., Ltd., ("**Poly (Xiamen)**"), 保利(廈門)物業管理有限公司 *(Note (d))*	Incorporated on 3 June 2011 in the PRC	100%	100%	100%	100%	100%	RMB1,000,000	Property management
Poly Chongqing Property Management Co., Ltd., ("**Poly Chongqing**"), 保利重慶物業管理有限公司 *(Note (d))*	Incorporated on 31 October 2005 in the PRC	100%	100%	100%	100%	100%	RMB5,000,000	Property management
Hunan Poly Property Management Co., Ltd., ("**Hunan Poly**"), 湖南保利物業管理有限公司 *(Note (d))*	Incorporated on 22 August 2003 in the PRC	100%	100%	100%	100%	100%	RMB5,000,000	Property management
Poly (Wuhan) Property Management Co., Ltd., ("**Poly (Wuhan)**"), 保利(武漢)物業管理有限公司 *(Note (d))*	Incorporated on 8 May 2004 in the PRC	100%	100%	100%	100%	100%	RMB5,080,000	Property management
Jiangxi Poly Property Management Co., Ltd., ("**Jiangxi Poly**"), 江西保利物業管理有限公司 *(Note (d))*	Incorporated on 31 March 2011 in the PRC	100%	100%	100%	100%	100%	RMB3,000,000	Property management
Liaoning Poly Property Management Co., Ltd., ("**Liaoning Poly**"), 遼寧保利物業管理有限公司*(Note (d))*	Incorporated on 19 July 2004 in the PRC	100%	100%	100%	100%	100%	RMB5,000,000	Property management
Poly (Dalian) Property Management Co., Ltd., ("**Poly (Dalian)**"), 保利(大連)物業管理有限公司 *(Note (d))*	Incorporated on 28 June 2013 in the PRC	100%	100%	100%	100%	100%	RMB2,000,000	Property management
Poly Baoding Property Service Co., Ltd., ("**Poly Baoding**"), 保利保定物業服務有限公司 *(Note (e))*	Incorporated on 5 August 2016 in the PRC	51%	51%	51%	51%	51%	RMB1,000,000	Property management
Hunan Poly Tongyuan Property Management Co., Ltd., ("**Hunan Poly Tongyuan**"), 湖南保利同元物業管理有限公司 *(Note (d))*	Incorporated on 17 November 2015 in the PRC	51%	51%	51%	51%	51%	RMB2,000,000	Property management
Poly (Baotou) Property Service Co., Ltd., ("**Poly (Baotou)**"), 保利(包頭)物業服務有限公司 *(Note (d))*	Incorporated on 28 August 2006 in the PRC	77.5%	77.5%	77.5%	77.5%	77.5%	RMB3,000,000	Property management
Poly (Changchun) Property Service Co., Ltd., ("**Poly (Changchun)**"), 保利(長春)物業服務有限公司 *(Note (d) & (f))*	Incorporated on 1 February 2008 in the PRC	50%	50%	50%	50%	50%	RMB3,000,000	Property management
Anhui Poly Property Management Co., Ltd., ("**Anhui Poly**"),安徽保利物業管理有限公司 *(Note (d) & (h))*	Incorporated on 11 October 2016 in the PRC	100%	100%	—	—	—	RMB nil	Inactive

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Company At 31 December 2016	2017	2018	At 30 June 2019	At date of this report	Issued and fully paid share capital	Principal activities
Ji An Shi Poly Jin Property Service Co., Ltd., ("**Ji An Poly Jin**"), 吉安市保利金物業服務有限公司, previously named Ji An Shi Poly Jin Property Management Co., Ltd., ("Ji An Poly Jin"), 吉安市保利金物業管理有限公司 *(Note (e))*	Incorporated on 10 January 2018 in the PRC	—	—	51%	51%	51%	RMB nil	Property management
Guangzhou Zengcheng Poly Property Investment Co., Ltd., ("**Guangzhou Zengcheng**"), 廣州增城保利物業投資有限公司 *(Note (e))*	Incorporated on 19 July 2018 in the PRC	—	—	100%	100%	100%	RMB nil	Property management
Hunan Poly Tianchuang Property Development Co., Ltd., ("**Hunan Poly Tianchuang**"), 湖南保利天創物業發展有限公司, previously named Changsha City Tianchuang Property Management Limited Liability Company, ("**Changsha Tianchuang**"), 長沙市天創物業管理有限責任公司 *(Note (d))*	Incorporated on 17 January 2008 in the PRC	—	—	60%	60%	60%	RMB5,000,000	Property management
Guangzhou Poly Heyue Elderly Healthcare Services Co., Ltd, ("**Guangzhou Poly Heyue**"), 廣州保利和悅健康養老服務有限公司 *(Note (d))*	Incorporated on 1 February 2018 in the PRC	—	—	100%	100%	100%	RMB2,000,000	Elderly and disabled care service
Guangzhou Hechuang Zhongwei Catering Services Co., Ltd., ("**Guangzhou Hechuang**"), 廣州和創中味餐飲服務有限公司 *(Note (d))*	Incorporated on 15 November 2018 in the PRC	—	—	51%	51%	51%	RMB2,000,000	Landscaping services, catering management
Poly Guanlan (Wuhan) Property Services Co. Ltd., ("**Poly Guanlan**"), 保利觀瀾(武漢)物業服務有限公司 *(Note (e))*	Incorporated on 14 November 2018 in the PRC	—	—	80%	80%	80%	RMB nil	Property management
Poly Zhongshe (Beijing) Property Management Co., Ltd., ("**Poly Zhongshe**"), 保利中設(北京)物業管理有限公司 *(Note (d))*	Incorporated on January 8, 2019 in the PRC	—	—	—	60%	60%	RMB15,000,000	Property management
Poly Huichuang (Chongqing) City Comprehensive Service Co., Ltd., ("**Poly Huichuang Chongqing**"), 保利暉創(重慶)城市綜合服務有限公司, previously named Chongqing Xinxiangrui Property Management Co., Ltd., ("**Chongqing Xinxiangrui**"), 重慶新祥瑞物業管理有限公司 *(Note (d))*	Incorporated on April 20, 1995 in the PRC	—	—	—	51%	51%	RMB3,000,000	Property management
Hechuang Aiqi (Guangzhou) Operation and Management Co., Ltd., ("**Hechuang Aiqi**"), 和創愛奇(廣州)運營管理有限公司 *(Note (e))*	Incorporated on 19 April, 2019 in the PRC	—	—	—	51%	51%	RMB nil	Inactive
Hunan Xingchuang City Operation and Management Co., Ltd., ("**Hunan Xingchuang**"), 湖南省星創城市運營管理有限公司 *(Note (d))*	Incorporated on 20 May, 2019 in the PRC	—	—	—	51%	51%	RMB200,000	Property management

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Company At 31 December 2016	2017	2018	At 30 June 2019	At date of this report	Issued and fully paid share capital	Principal activities
Yichang Baohe Property Service Co., Ltd.,("**Yichang Baohe**"), 宜昌保和物業服務有限公司 *(Note (e))*	Incorporated on 27 May, 2019 in the PRC	—	—	—	100%	100%	RMB nil	Inactive
Guangdong Hejia Home Technology Co., Ltd., ("**Guangdong Hejia**"), 廣東和加家居科技有限公司 *(Note (d))*	Incorporated on 18 July, 2019 in the PRC	—	—	—	—	60%	RMB nil	Inactive
Poly Wanteng Hebei Property Services Co., Ltd., ("**Poly Wanteng**"), 保利萬騰河北物業服務有限公司 *(Note (e))*	Incorporated on 18 October, 2019 in the PRC	—	—	—	—	51%	RMB nil	Inactive
Shandong Chengtou Poly Huichuang City Services Co., Ltd., ("**Poly Huichuang Shandong**"), 山東城投保利暉創城市服務有限公司 *(Note (e))*	Incorporated on 7 November, 2019 in the PRC	—	—	—	—	51%	RMB nil	Inactive

Notes:

(a) The English names of all subsidiaries established in the PRC are translated for identification purpose only.

(b) All companies comprising the Group have adopted 31 December as their financial year end date.

(c) All entities are established in the PRC in the form of domestic limited liability company.

(d) The equity interests are directly held by the Company at the date of this report.

(e) The equity interests are indirectly held by the Company at the date of this report.

(f) Poly (Changchun) Property Service Co., Ltd. ("**Poly Changchun**") was accounted for as 50%-interest subsidiary of the Group, as all the strategic financial and operating decisions required approval by unanimous consent of all of the shareholders. All the shareholders of Poly Changchun entered into an acting in concert agreement, by execution of the acting in concert agreement, the other shareholder agreed to follow the strategic financial and operating decision made by the Group when unanimous consent has not reached. Since the Group obtained the effective control of voting power to govern the relevant activities of Poly Changchun, Poly Changchun is accounted for as the subsidiary of the Group.

(g) The consolidated financial statements of Poly Property Development Co., Ltd. for the three years ended 31 December 2016, 2017 and 2018 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the Enterprises in the PRC and were audited by BDO China Shu Lun Pan CPAs (立信會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

(h) This subsidiary was deregistered on 31 May 2018.

For the purpose of the Historical Financial Information of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Track Record Period (the "**Underlying Financial Statements**") in accordance with the basis of presentation and accounting policies set out in Note 3 below which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

The Historical Financial Information has been prepared from the Underlying Financial Statements, with no adjustments made thereon.

2. ADOPTION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Group's future financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2020.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
4 Effective to annual periods beginning on or after a date to be determined.

The directors do not anticipate that the application of the new or revised HKFRSs will have material impact on the Group's financial statements and/or the disclosures to the Group's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with the accounting policies set out below, which conform the HKFRSs issued by HKICPA. The Historical Financial Information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

The HKICPA has issued a number of new or revised HKFRSs which are relevant to the Group and became effective during the Track Record Period. For the purpose of preparing and presenting the historical financial information, the Group has consistently adopted HKFRS 9 *Financial Instruments*, HKFRS 15 *Revenue from Contracts with Customers* and HKFRS 16 *Leases* effective on 1 January 2016 throughout the Track Record Period.

3.2 Basis of measurement and going concern assumption

The Historical Financial Information has been prepared on the historical cost basis except for investment properties and financial assets at fair value through other comprehensive income (see Note 3.13), which are stated at their fair values and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in the preparation of the Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and other factors, actual results may ultimately different from those estimates. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

3.3 Functional and presentation currency

The Financial Information is presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

3.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries comprising the Group for the Relevant Periods. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.5 Subsidiary

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

3.6 Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

In the Company's statement of financial position, associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Company's share of the post-acquisition change in the associates' net assets except that losses in excess of the Company's interest in the associate are not recognised unless there is an obligation to make good those losses.

3.7 Joint arrangements

The group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the group as both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method — see Note 3.6).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

The Company accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method — see note 3.6).

3.8 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

— fair values of the assets transferred

— liabilities incurred to the former owners of the acquired business

— equity interests issued by the group

— fair value of any asset or liability resulting from a contingent consideration arrangement, and

— fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

— consideration transferred,

— amount of any non-controlling interest in the acquired entity, and

— acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3.9 Intangible assets

a) Goodwill

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see note 3.20), and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

b) Property management contracts

Property management contracts acquired in a business combination are recognised at fair value at the acquisition date. The property management contracts have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the contracts, which is nine years.

Intangible assets arising from these property management contracts with finite lives are tested for impairment when there is an indication that an asset may be impaired (see Note 3.20).

3.10 Property, plant and equipment

Property, plant and equipment including buildings, leasehold improvements, computer software, electronic equipment, transportation equipment and furniture and equipment in the production or supply of goods and services, or for administrative purposes as described below are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight line method. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	shorter of the unexpired lease terms and their useful lives
Computer software	3-10 years
Electronic equipment	3-5 years
Transportation equipment	5-10 years
Furniture and equipment	3-8 years
Buildings	20-40 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

Right-of-use assets included the rights to use certain properties under leases which are measured at cost. The initial costs of right-of use assets include the following:

— the amount of the initial measurement of lease liability

— any lease payments made at or before the commencement date

— any initial direct costs, and

— restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

3.11 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method/first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.12 Investment properties

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.13 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(a) Financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in 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 market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables from third parties, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Deposits, trade and other receivables due from related parties are considered to have low credit risk, and thus the impairment provision recognised during the period was limited to 12 months expected losses.

For other receivables from third parties, the Group adopted a "three-stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- The receivable is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Group;

- If a significant increase in credit risk since initial recognition is identified, the receivables is moved to "Stage 2" but is not yet deemed to be credit impaired;

- If the receivables is credit-impaired, the financial instrument is then moved to "Stage 3".

Receivables in Stage 1 have their expected credit loss measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their expected credit loss measured based on expected credit losses on a lifetime basis.

When measuring expected credit loss, the Group considers forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in 'other income' when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in 'other gains — net' as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at FVTOCI are not reported separately from other changes in fair value.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

At each reporting date, the Group assesses on a forward looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(b) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

The Group's financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.14 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand as well as short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.15 Revenue recognition

The Group provides property management services, value-added services to non-property owners and community value-added services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

(i) Property management services

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services.

For property management services income from properties managed under commission basis, the Group recognises the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property units, as its revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

(ii) Value-added services to non-property owners

Value-added services to non-property owners mainly includes preliminary planning and design consultancy services to property developers or other property management service providers and cleaning, security, greening and repair and maintenance services to property developers at the pre-delivery stage. The Group agrees the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month.

(iii) Community value-added services

For community value-added services, revenue is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

3.16 Leases

The Group leases various properties either as its office or to provide community value-adding services. Property leases are made for fixed periods of one to ten years. Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Property leases are recognised as right-of-use assets (included in property, plant and equipment) and the corresponding liabilities at the date of which the respective leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

— fixed payments (including the in-substance fixed payments), less any lease incentives receivable

— variable lease payment that are based on an index or a rate

— amounts expected to be payable by the lessee under residual value guarantees

— the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

— payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months. Low-value assets comprise IT-equipment and small items of office furniture.

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. All extension options held are exercisable only by the Group and not by the respective lessor. The Group considers all facts and circumstances that create an economic incentive to exercise such options in determining the lease term. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment.

Variable lease payments that are not based on an index or a rate are not part of the lease liability, but they are recognised in the consolidated statements of comprehensive income when the event or condition that triggers those payments occurs.

3.17 Foreign currency translation

Transactions entered into by the Group entities in currencies other than the currency of the primary economic environment in which they operate (the "**functional currency**") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

3.18 Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amount of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries, associates or joint venture to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

- the same taxable entity; or

- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

3.19 Employee benefits

(a) Defined contribution retirement plan

Pursuant to the relevant regulations of the PRC government, the Group participates in a central pension scheme operated by the local municipal government (the "**Scheme**"), whereby the Group in the PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiary of the Company. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

(b) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

3.20 Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- interest in subsidiaries;
- investment properties;
- property, plant and equipment;
- interests in associates/joint ventures;
- property management contracts; and
- goodwill

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of the assets in the cash generating unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use, (if determinable).

Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

3.21 Government grant

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are deducted in reporting the related expense or recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted the grant in calculating the carrying amount of the asset that is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense. An unconditional government grant is recognised in profit or loss as other revenue when the grant becomes receivable.

3.22 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product lines.

For the purposes of assessing segment performance and allocating resources between segments, the directors assess segment profit or loss by gross profit or loss as measured in HKFRS financial statements.

For the purpose of presenting geographical location of the Group's revenue from external customers and the Group's non-current assets, country of domicile is determined by reference to the country where the majority of the Company's subsidiaries operate.

3.23 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.24 Related parties

For the purposes of the Financial Information, a party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of 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 key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Our key sources of estimation uncertainty are as follows:

(i) Useful lives of property, plant and equipment

The Group determines the estimated useful lives, and related depreciation charges for its property, plant and equipment. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charges where useful lives are less than previously estimated useful lives. It will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in estimated useful lives and therefore affect the depreciation charges in future periods.

(ii) Impairment of trade and other receivables

The impairment of trade and other receivables are based on assumptions about risk of default and expected credit loss rates. The Group adopts judgement in making these assumption and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at end of reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and impairment losses in the periods in which such estimate has been changed.

(iii) Income taxes and deferred tax

Significant judgement is required on the interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses and unabsorbed depreciation allowances to the extent that it is probable that future taxable profits would be available against which the losses and other deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

(iv) Impairment of non-financial assets (Other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset of cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(v) Fair value measurement

The fair value measurement of the Group's investment properties for disclosure and financial assets at FVTOCI utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

— Level 1: Quoted prices in active markets for identical items (unadjusted);

— Level 2: Observable direct or indirect inputs other than Level 1 inputs;

— Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

(vi) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 3.20. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of estimates.

Judgement is required to determine key assumptions adopted in the valuation models for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumption applied, it may be necessary to take additional impairment charge to the consolidated statements of comprehensive income.

5. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the Track Record Period, the Group is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the chief operating decision maker of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the Track Record Period.

As at 31 December 2016, 2017 and 2018 and 30 June 2019, all of the non-current assets were located in the PRC.

6. REVENUE

Revenue mainly comprises of proceeds from property management services, community value-added services and value-added services to non-property owners. An analysis of the Group's revenue by category for the year ended 31 December 2016, 2017 and 2018 and period ended 30 June 2018 and 2019 was as follows:

		Year ended 31 December			Six months ended 30 June	
		2016	2017	2018	2018	2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
	Revenue from customer and recognized					
Property management services	over time	1,906,262	2,419,151	2,909,508	1,277,893	1,822,975
Value-added services to non-property owners	over time	398,836	501,984	696,502	339,096	458,646
Community value-added services						
– Other value-added services	over time	259,089	315,334	581,578	295,665	412,616
– Sales of goods	at a point in time	–	3,865	41,790	3,140	127,783
		2,564,187	3,240,334	4,229,378	1,915,794	2,822,020

For property management service, the performance obligation is satisfied upon services provided and there is no credit term for property owners and property developers. For value-added service to non-property owners, the performance obligation is satisfied upon services provided. For community value-added service, the performance obligation is satisfied upon services provided and the service income is due for payment by the residents upon issuance of demand note.

For the year ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2018 and 2019, revenue from Poly Developments and Holdings and its subsidiaries ("**Poly Developments and Holdings Group**") contributed 21.9%, 17.3%, 16.0%, 17.9% and 15.5% of the Group's revenue respectively. Other than the Poly Developments and Holdings Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the Track Record Period.

(a) Unsatisfied performance obligations

For property management services and value-added services to non-property owners, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts for value-added services to non-property owners is generally set to expire when the counterparties notify the Group that the services are no longer required.

For community value-added services, they are rendered in short period of time and there is no unsatisfied performance obligation at the end of respective periods.

(b) Assets recognised from incremental costs to obtain a contract

During the Track Record Period, there was no significant incremental costs to obtain a contract.

(c) Details of contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	440,491	559,442	704,493	808,628

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Such liabilities increase as a result of the growth of the Group's business.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period carried-forward contract liabilities.

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year/period				
Property management services	302,544	285,205	463,888	511,217
Community value-added services	40,512	81,724	23,155	33,581
Value-added service to non-property owners	21,371	4,196	5,313	4,951
	364,427	371,125	492,356	549,749

7. OTHER INCOME AND OTHER NET GAIN/(LOSS)

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Other income:					
Bank interest income	6,961	10,881	9,279	7,727	2,243
Other interest income *(Note a)*	4,631	—	7,280	—	7,540
Government grants *(Note b)*	1,838	2,789	4,013	2,205	4,505
Penalty income	1,046	1,805	2,513	682	608
Gain on disposal of investment properties	—	20,108	4,051	—	1,256
Others	165	272	702	146	371
	14,641	35,855	27,838	10,760	16,523
Other net gain/(loss):					
Loss on disposal of property, plant and equipment	(311)	(97)	(113)	(4)	(88)
Loss on disposal of financial assets at fair value through other comprehensive income	—	—	(56)	(56)	—
Reversal of impairment/ (impairment loss) on trade receivables	2,388	(2,396)	1,785	(4,305)	(7,149)
Reversal of impairment/ (impairment loss) on other receivables	6,624	(1,851)	(2,816)	(1,544)	(2,697)
Impairment loss on investment in associates/joint ventures	(468)	(523)	—	—	—
	22,874	30,988	26,638	4,851	6,589

Notes:

(a) Other interest income represented the following:

i. The interest received from the amount due from Poly Developments and Holdings Group during the year ended 31 December 2016 and six months ended 30 June 2019, which is unsecured, interest-bearing and repayable on demand. The principal and interest was fully settled during the year ended 31 December 2016;

ii. The interest received from amount due from a related party during the year ended 31 December 2018 and the six months ended 30 June 2019, which is unsecured, interest-bearing and repayable on demand;

iii. During the years ended 31 December 2016 and 2018 and the six months ended 30 June 2019, interest was also received from the deposit maintained with a fellow subsidiary, Poly Finance Company Limited ("**Poly Finance**"), which is unsecured, interest-bearing and repayable on demand or with a 7-day notice.

(b) Government grants represented the financial support received from local government as an incentive for business development and there has no unfulfilled conditions attached to the government grant.

8. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting) the following:

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Auditor's remuneration	1,100	1,650	800	—	—
Depreciation of property, plant and equipment	20,659	19,949	26,971	11,769	16,155
Depreciation of investment properties	1,595	1,380	780	390	337
Amortisation of intangible assets	—	—	2,546	—	3,223
(Reversal of impairment)/impairment loss on trade receivables	(2,388)	2,396	(1,785)	4,305	7,149
(Reversal of impairment)/impairment loss on other receivables	(6,624)	1,851	2,816	1,544	2,697
Operating lease changes in respect of:					
Rented premises	10,709	17,666	36,739	17,896	22,861
Finance cost-interest on lease liabilities	339	399	823	329	435
Staff costs (including directors' emoluments — Note 12):					
Salaries and bonus	1,133,370	1,547,242	1,870,958	805,598	1,201,658
Pension costs, housing funds, medical insurances and other social insurances	175,793	229,952	307,645	135,149	180,373
	1,309,163	1,777,194	2,178,603	940,747	1,382,031

9. INCOME TAX EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Current tax					
Tax for the current year	55,878	79,660	127,625	81,836	118,955
Deferred tax *(Note 25)*					
Charged to/(credited to) profit or loss for the year/period	2,253	(1,077)	(879)	(1,484)	(2,574)
	58,131	78,583	126,746	80,352	116,381

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the Track Record Period.

Under the PRC Corporate Income Tax Law (the "**CIT Law**"), which became effective on 1 January 2008, the Group's PRC entities are subject to income tax at a rate of 25%, unless otherwise specified.

The income tax expense for the years/periods can be reconciled to the profit before income tax expense per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit before income tax expense	207,306	303,265	462,813	295,775	437,152
Tax calculated at the rates applicable to profits in the tax jurisdictions concerned	51,827	75,816	115,703	73,944	109,288
Tax effect of share of result of associates/joint ventures	59	(309)	(1,152)	(545)	(2,501)
Tax effect of expenses not deductible for tax purposes *(Note)*	4,685	4,832	9,637	6,820	9,621
Tax effect of income not taxable for tax purposes	(954)	(102)	(675)	(303)	(401)
Utilisation of tax losses previously not recognised	(441)	(1,926)	(150)	(67)	(113)
Tax effect of unused tax losses not recognised	702	1,349	4,262	1,987	3,061
Tax effect of other temporary differences not recognised	2,253	(1,077)	(879)	(1,484)	(2,574)
Income tax expense	58,131	78,583	126,746	80,352	116,381

Note: The nature of "Tax effect of expenses not deductible for tax purposes" mainly represented the impairment losses of trade and other receivables recognised and the entertainment expenses and some miscellaneous non-deductible expenses incurred during the Track Record Periods.

10. DIVIDENDS

During the year ended 31 December 2016, dividend of RMB53,029,000 and RMB14,670,000 in respect of 2015 was declared and paid by the Company to owners of the Company and by subsidiaries to non-controlling shareholders, respectively.

During the year ended 31 December 2017, dividend of RMB140,000,000 in respect of 2016 was declared by the Company to owners of the Company and has been paid during the year ended 31 December 2018.

During the year ended 31 December 2018, dividend of RMB70,000,000 in respect of 2017 was declared and paid by the Company to owners of the Company.

During the six months ended 30 June 2019, dividend of RMB160,000,000 in respect of 2018 was declared and paid by the Company to owners of the Company.

11. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion for the purpose of this report is not considered meaningful.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Details of directors' emoluments during the Track Record Period are as follows:

	Fees	Salaries and bonus	Pension costs, housing funds, medical insurances and other social insurances	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2016				
Directors				
Mr. Li Jiahe	—	1,416	91	1,507
Mr. Hu Zaixin	—	—	—	—
Ms. Fu Jun	—	—	—	—
Mr. Huang Hai	—	—	—	—
Mr. He Zhi Tao	—	—	—	—
Mr. He Jun	—	—	—	—
Ms. Cao Bin	—	—	—	—
Mr. Wu Haihui	—	—	—	—
Mr. Yu Ying	—	—	—	—
	—	1,416	91	1,507

	Fees	Salaries and bonus	Pension costs, housing funds, medical insurances and other social insurances	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2017				
Directors				
Mr. Li Jiahe	—	1,593	103	1,696
Mr. Hu Zaixin	—	—	—	—
Ms. Fu Jun	—	—	—	—
Mr. Huang Hai	—	—	—	—
Mr. He Zhi Tao	—	—	—	—
Mr. He Jun	—	—	—	—
Ms. Cao Bin	—	—	—	—
	—	1,593	103	1,696

	Fees	Salaries and bonus	Pension costs, housing funds, medical insurances and other social insurances	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2018				
Directors				
Mr. Li Jiahe	—	2,005	110	2,115
Mr. Hu Zaixin	—	—	—	—
Ms. Fu Jun	—	—	—	—
Mr. Huang Hai	—	—	—	—
Mr. He Zhi Tao	—	—	—	—
Mr. He Jun	—	—	—	—
Ms. Cao Bin	—	—	—	—
Ms. Wu Lanyu	—	1,379	68	1,447
	—	3,384	178	3,562

	Fees	Salaries and bonus	Pension costs, housing funds, medical insurances and other social insurances	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2018 (Unaudited)				
Directors				
Mr. Li Jia He	—	519	58	577
Mr. Hu ZaiXin	—	—	—	—
Ms. Fu Jun	—	—	—	—
Mr. Huang Hai	—	—	—	—
Mr. He Zhi Tao	—	—	—	—
Mr. He Jun	—	—	—	—
Ms. Cao Bin	—	—	—	—
Ms. Wu Lan Yu	—	163	17	180
	—	682	75	757

	Fees *RMB'000*	Salaries and bonus *RMB'000*	Pension costs, housing funds, medical insurances and other social insurances *RMB'000*	Total *RMB'000*
Six months ended 30 June 2019				
Directors				
Mr. Li Jia He	—	532	51	583
Mr. Hu Zai Xin	—	—	—	—
Ms. Fu Jun	—	—	—	—
Mr. Huang Hai	—	—	—	—
Mr. He Jun	—	—	—	—
Ms. Cao Bin	—	—	—	—
Ms. Wu Lan Yu	—	520	50	570
Mr. Wang Xiaojun	25	—	—	25
Ms. Tan Yan	25	—	—	25
Mr. Wang Peng	25	—	—	25
	75	1,052	101	1,228

Notes:

(i) No directors received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period. No directors waived or agreed to waive any emoluments during the Track Record Period.

(ii) Mr. Wu Haihui and Mr. Yu Ying were appointed as directors of the Company on 1 January 2016 and resigned on 21 October 2016.

(iii) Mr. Huang Hai, Mr. He Jun and Ms. Cao Bin were appointed as directors of the Company on 21 October 2016.

(iv) Mr. He Zhi Tao resigned as a director of the Company on 4 June 2018.

(v) Ms. Wu Lanyu was appointed as a director of the Company on 20 June 2018.

(vi) Ms. Fu Jun, Mr. He Jun and Ms. Cao Bin resigned as directors of the Company on 7 May 2019.

(vii) Mr. Wang Xiaojun, Ms. Tan Yan and Mr. Wang Peng were appointed as independent non-executive directors on 7 May 2019.

(b) The five highest paid individuals

The five highest paid individuals of the Group during the Track Record Period are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* (Unaudited)	*Number of individuals*
Directors	1	1	2	1	2
Non-directors, the highest paid individuals	4	4	3	4	3
	5	5	5	5	5

Details of the emoluments of the above non-directors, the highest paid individual during the Track Record Period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries and bonus	3,675	4,469	3,549	1,343	1,024
Pension costs, housing funds, medical insurances and other social insurances	268	340	258	187	126
	3,943	4,809	3,807	1,530	1,150

The number of the highest paid non-directors fell within the following emoluments band:

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* (Unaudited)	*Number of individuals*
Nil to RMB1,000,000	2	—	—	4	3
RMB1,000,001 to RMB2,000,000	2	4	3	—	—
	4	4	3	4	3

13. INTERESTS IN ASSOCIATES/JOINT VENTURES

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	447	17,468	26,822	36,824

Details of the Group's associates and joint ventures are as follows:

Name	Place of incorporation, operation and principal activity	Relationship	Percentage of ownership interests/voting rights/profit share
Guangdong Xinzhihui Technology Co., Ltd., ("**Guangdong Xinzhihui**"), 廣東芯智慧科技有限公司	Research and development in the Intelligent technology products, automatic system and electronic products in the PRC	Associate	30
Xizang Poly Aijia Property Agency Co., Ltd. ("**Xizang Poly Aijia**") , 西藏保利愛家房地產經紀有限公司	Property agency service in the PRC	Associate	30
Poly (Ziyang) City Comprehensive Services Limited, ("**Poly Ziyang**") 保利(資陽)城市綜合服務有限公司	Property management service in the PRC	Joint venture	60#
Shanxi Poly Deao Elevator Co., Ltd, ("**Shanxi Poly Deao**"), 山西保利德奧電梯工程有限公司	Elevator repair and maintenance services in the PRC	Joint venture	45

* The English names of associates and joint ventures listed above are translated for identification purpose only

\# Although the Group's ownership interest in Poly Ziyang is more than 50%, Poly Ziyang requires 80% votes to pass board resolutions and the Group only got 60% votes, so that the Group has no control over the financial and operating policies of Poly Ziyang but has significant influences over it. The directors of the Company therefore treated the interest in Poly Ziyang as a joint venture.

(a) Summarised financial information of material associates/joint ventures, adjusted for any difference in accounting policies:

Xizang Poly Aijia

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	—	64,855	349,300	671,860
Non-current assets	—	4,755	9,180	7,520
Current liabilities	—	(14,210)	(281,466)	(567,488)
Non-current liabilities	—	—	—	—
Net assets	—	55,400	77,014	111,892
Group's share of the net assets of the associate	—	16,620	23,104	33,568

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue *(Note)*	—	56,197	323,088	84,259	472,576
Post-tax profit	—	5,400	21,614	10,602	34,878
Total comprehensive income	—	5,400	21,614	10,602	34,878

Note: The revenue generated from Poly Developments and Holdings Group during the years ended 31 December 2016, 2017, and 2018 and the six months end 30 June 2018 and 2019 were RMBNil, RMBNil, RMB57,049,000, RMB21,927,000 and RMB89,619,000.

(b) Summarised financial information (immaterial associates/joint ventures):

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Aggregate carrying amount of individually immaterial associates/joint ventures in the consolidated financial statements	447	848	3,718	1,894	3,256
Aggregate financial information of the Group's associate/joint ventures:					
Net assets	1,490	2,828	6,833	3,969	4,031
Revenue	4,134	5,893	6,103	1,996	3,786
Post-tax (loss)/profit	(1,110)	(1,275)	(6,313)	3,175	(2,800)
Total comprehensive income	(1,110)	(1,275)	(6,313)	3,175	(2,800)

14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets *RMB'000*	Buildings *RMB'000*	Leasehold improvements *RMB'000*	Computer software *RMB'000*	Electronic equipment *RMB'000*	Transportation equipment *RMB'000*	Furniture and equipment *RMB'000*	Total *RMB'000*
COST								
At 1 January 2016	6,929	—	9,188	465	52,539	12,763	11,066	92,950
Additions	264	—	4,057	282	16,186	1,152	3,048	24,989
Disposals	—	—	(1,445)	(32)	(4,127)	(1,791)	(511)	(7,906)
At 31 December 2016 and 1 January 2017	7,193	—	11,800	715	64,598	12,124	13,603	110,033
Additions	6,467	—	4,979	725	15,165	1,112	3,518	31,966
Disposals	(84)	—	(1,709)	(19)	(2,434)	(346)	(388)	(4,980)
At 31 December 2017 and 1 January 2018	13,576	—	15,070	1,421	77,329	12,890	16,733	137,019
Acquired through acquisition of a subsidiary *(Note 28)*	—	1,306	—	—	378	301	1,018	3,003
Additions	10,340	—	20,060	—	16,515	2,385	5,590	54,890
Disposals	(3,476)	—	(79)	—	(2,381)	(1,762)	(624)	(8,322)
At 31 December 2018 and 1 January 2019	20,440	1,306	35,051	1,421	91,841	13,814	22,717	186,590
Acquired through acquisition of a subsidiary *(Note 28)*	—	—	—	—	99	31	18	148
Additions	725	—	9,264	—	7,030	765	2,155	19,939
Disposals	(2,004)	—	(879)	—	(1,189)	(9)	(554)	(4,635)
At 30 June 2019	19,161	1,306	43,436	1,421	97,781	14,601	24,336	202,042
ACCUMULATED DEPRECIATION								
At 1 January 2016	—	—	4,506	189	29,747	6,975	4,854	46,271
Depreciation	1,718	—	3,620	67	10,902	2,153	2,199	20,659
Disposals	—	—	(1,445)	(32)	(3,013)	(1,696)	(308)	(6,494)
At 31 December 2016 and 1 January 2017	1,718	—	6,681	224	37,636	7,432	6,745	60,436
Depreciation	2,209	—	2,793	130	11,194	1,344	2,279	19,949
Disposals	(84)	—	(1,709)	(5)	(2,090)	(291)	(223)	(4,402)
At 31 December 2017 and 1 January 2018	3,843	—	7,765	349	46,740	8,485	8,801	75,983
Depreciation	3,954	27	4,592	195	13,603	1,261	3,339	26,971
Disposals	(3,476)	—	(79)	—	(1,965)	(1,430)	(478)	(7,428)
At 31 December 2018 and 1 January 2019	4,321	27	12,278	544	58,378	8,316	11,662	95,526
Depreciation	2,786	32	3,543	97	7,289	689	1,719	16,155
Disposals	(2,004)	—	(164)	—	(1,039)	(4)	(210)	(3,421)
At 30 June 2019	5,103	59	15,657	641	64,628	9,001	13,171	108,260

	Right-of-use assets RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Computer software RMB'000	Electronic equipment RMB'000	Transportation equipment RMB'000	Furniture and equipment RMB'000	Total RMB'000
NET BOOK VALUE								
At 31 December 2016	5,475	—	5,119	491	26,962	4,692	6,858	49,597
At 31 December 2017	9,733	—	7,305	1,072	30,589	4,405	7,932	61,036
At 31 December 2018	16,119	1,279	22,773	877	33,463	5,498	11,055	91,064
At 30 June 2019	14,058	1,247	27,779	780	33,153	5,600	11,165	93,782

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives and after taking into account of their estimate resided residual values.

Buildings are held for own use and situated in the PRC.

At 31 December 2016, 2017 and 2018 and 30 June 2019, no property, plant and equipment was pledged.

15. INVESTMENT PROPERTIES

	Total *RMB'000*
COST	
At 1 January 2016	49,843
Additions	—
Disposals	—
At 31 December 2016 and 1 January 2017	49,843
Additions	—
Disposals	(25,473)
At 31 December 2017 and 1 January 2018	24,370
Additions	—
Disposals	(3,034)
At 31 December 2018 and 1 January 2019	21,336
Additions	—
Disposals	(1,228)
At 30 June 2019	20,108

	Total
	RMB'000
ACCUMULATED DEPRECIATION	
At 1 January 2016	797
Depreciation	1,595
Disposals	—
At 31 December 2016 and 1 January 2017	2,392
Depreciation	1,380
Disposals	(1,822)
At 31 December 2017 and 1 January 2018	1,950
Depreciation	780
Disposals	(340)
At 31 December 2018 and 1 January 2019	2,390
Depreciation	337
Disposals	(154)
At 30 June 2019	2,573

	Total
	RMB'000
NET BOOK VALUE	
At 31 December 2016	47,451
At 31 December 2017	22,420
At 31 December 2018	18,946
At 30 June 2019	17,535

The Group's investment properties are measured using a cost model and depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight line basis.

The Group's investment properties are located on land in the PRC with land use period from 2004 to 2054.

Fair values of the investment properties as at 31 December 2016, 2017 and 2018 and 30 June 2019 are as follows:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment properties in the PRC	62,895	30,962	27,092	24,848

The fair value of the Group's investment properties as at 31 December 2016, 2017 and 2018 and 30 June 2019, are determined by valuations conducted by Guangzhou Yeqin Assets & Land and Real Estate Appraisal Co. Ltd (廣州業勤資產評估土地房地產估價有限公司), an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. Under the valuation models, market-based approach and income-based approach has been adopted for commercial properties and carpark spaces respectively.

The fair value estimation was at level 3 of fair value hierarchy.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

For the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019, there were no transfers into or out of Level 3 or any other Level.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income				
Unlisted equity investments, at fair value	3,200	7,400	10,800	13,700

The Group has designated these investments in equity instruments at FVTOCI as the Group plans to hold in the long term for strategic reasons.

17. INTANGIBLE ASSETS

	Property management contracts	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At 1 January 2016, 31 December 2016, 1 January 2017, 31 December 2017 and 1 January 2018	—	—	—
Acquired through acquisition of a subsidiary *(Note 28)*	55,000	46,129	101,129
At 31 December 2018 and 1 January 2019	55,000	46,129	101,129
Additions	3,000	904	3,904
At 30 June 2019	58,000	47,033	105,033
ACCUMULATED AMORTISATION			
At 1 January 2016, 31 December 2016, 1 January 2017, 31 December 2017 and 1 January 2018	—	—	—
Amortisation	2,546	—	2,546
At 31 December 2018 and 1 January 2019	2,546	—	2,546
Amortisation	3,223	—	3,223
At 30 June 2019	5,769	—	5,769
NET BOOK VALUE			
At 31 December 2018	52,454	46,129	98,583
At 30 June 2019	52,231	47,033	99,264

As set out in note 28, the Group has acquired 60% of the equity interests in Hunan Poly Tianchuang at a consideration of RMB78,000,000. At the date of the acquisition, intangible assets arising from property management contracts of RMB55,000,000 and goodwill of RMB46,129,000 have been recognised.

As set out in note 28, the Group has acquired 51% of the equity interests in Poly Huichuang Chongqing at a consideration of RMB4,080,000. At the date of the acquisition, intangible assets arising from property management contracts of RMB3,000,000 and goodwill of RMB904,000 have been recognised.

Property management contracts primarily related to the existing contracts of Hunan Poly Tianchuang on the acquisition date. The existing contracts of Hunan Poly Tianchuang are with contract periods ranging from one to three years. Considering that termination or non-renewal of property management contracts with the property developers or property owners' association are uncommon, the Group estimates the useful life and determines the amortisation period to be nine years with reference to its industry experience.

A valuation was performed by an independent valuer to determine the amount of the property management contracts. Methods and key assumptions in determining the fair value of property management contracts as at acquisition date are disclosed as follows:

	Valuation technique	**Discount rate**	**Expected life of the intangible assets**
Property management contracts	Multi period excess earnings method	16.6-17.4%	3-9 years, the estimated period of property management services to be provided to the relevant properties, taking into account the prior experience of the renewal pattern of property management contracts of similar characteristics

Goodwill of RMB47,033,000 arising from the acquisition were allocated to the property management business operated by Hunan Poly Tianchuang CGU and Poly Huichuang Chongqing CGU.

The goodwill has been tested for impairment by management. The recoverable amount of each cash generating unit ("**CGU**") has been assessed by an independent valuer, APAC Asset Valuation and Consulting Limited (**"APAC**"), and determined based on value-in-use ("**VIU**") calculation. The calculation used cash flow projections based on financial budgets covering a six-year period approved by management. Management extended the five-year projections as suggested by HKAS 36 "Impairment of Assets" for additional one year projection based on the consideration that, based on past experience, termination or non-renewal of property management contracts with the property developers or property owners' association are uncommon. In addition, the monthly property management fee and the percentage of cost to income generated from property management are stable. These provide a reasonable basis for management to forecast cash flows reliably over a longer period.

The following table sets forth each key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December 2018	**As at 30 June 2019**
For Hunan Poly Tianchuang CGU:		
– Long-term growth rate	3.0%	3.0%
– Pre-tax discount rate	16.6%	15.2%
For Poly Huichuang Chongqing CGU:		
– Long-term growth rate	N/A	3.0%
– Pre-tax discount rate	N/A	17.4%

The following table sets out the sensitivity analysis of the impact of variations in each of the key underlying assumptions for goodwill impairment testing described above on the recoverable amount of each CGU as at the dates indicated. The Group showed the headroom (the recoverable amount of the CGU would exceed the carrying amount of the CGU) as at the end of each year or period by applying a 5% and 10% increase or decrease in long-term growth rate and applying a 0.5% and 1% pre-tax discount rate. Although none of the hypothetical fluctuation ratios applied in this sensitivity analysis equals actual historical fluctuations, the Group believes that the application of the hypothetical fluctuations in each of the key assumptions presents a meaningful analysis of the potential impact of the changes in such assumptions on the recoverable amount of each CGU.

For Hunan Poly Tianchuang CGU:

	As at 31 December 2018 *RMB'000*	As at 30 June 2019 *RMB'000*
Long-term growth rate (decrease)/increase		
(5)%	13,002	38,664
(10)%	3,002	26,664
5%	33,002	61,664
10%	42,002	73,664
Pre-tax discount rate (decrease)/increase		
(0.5)%	28,002	57,664
(1)%	35,002	65,664
0.5%	17,002	42,664
1%	12,002	36,664

For Poly Huichuang Chongqing CGU:

	As at 30 June 2019 *RMB'000*
Long-term growth rate (decrease)/increase	
(5)%	1,615
(10)%	769
5%	3,307
10%	4,153
Pre-tax discount rate (decrease)/increase	
(0.5)%	2,726
(1)%	3,008
0.5%	2,213
1%	1,980

As at 31 December 2018 and 30 June 2019, the recoverable amounts of the Hunan Poly Tianchuang CGU calculated based on VIU exceeded carrying value by approximately RMB23,002,000 and RMB49,664,000 respectively.

As at 30 June 2019, the recoverable amounts of the Poly Huichuang Chongqing CGU calculated based on VIU exceeded carrying value by approximately RMB2,461,000.

In the opinion of the directors of the Company, any reasonably possible change in key parameters on which the recoverable amount is based would not cause the carrying amount of each CGU to exceed its recoverable amount.

By reference to the recoverable amount assessed by the independent valuer, the directors of the Company determined that no impairment provision on goodwill was required as at 31 December 2018 and 30 June 2019.

In addition, no impairment is considered necessary for the property management contracts as at 31 December 2018 and 30 June 2019.

18. INVENTORIES

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carpark spaces	—	—	64,715	53,000
Raw materials	183	160	383	57
Consumables goods	830	1,376	883	1,227
	1,013	1,536	65,981	54,284

19. TRADE RECEIVABLES

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Related parties	105,558	137,927	99,711	118,988
Third parties	26,123	93,182	103,296	355,291
Total	131,681	231,109	203,007	474,279
Less: allowance for impairment of trade receivables	(4,036)	(6,432)	(6,711)	(13,860)
	127,645	224,677	196,296	460,419

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the trade receivables was denominated in RMB, and the fair value of trade receivables approximated its carrying amounts.

Trade receivables mainly arise from property management services income under lump sum basis and value-added services to non-property owners.

Property management services income under lump sum basis are received in accordance with the term of the relevant property service agreements. Service income from property management services is due for payment by the residents upon the issuance of demand note.

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	107,238	197,351	188,785	433,755
1 to 2 years	23,307	33,727	12,895	38,562
Over 2 years	1,136	31	1,327	1,962
	131,681	231,109	203,007	474,279

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Prepayments for property, plant and equipment	226	4,169	5,304	6,330
Current assets				
Deposits and other receivables				
— Related parties	—	—	34,925	37,951
— Third parties	58,101	106,769	162,603	233,430
Total	58,101	106,769	197,528	271,381
Less: allowance for impairment of other receivables	(2,515)	(4,366)	(7,494)	(10,191)
	55,586	102,403	190,034	261,190
VAT receivables	737	1,628	1,866	2,233
Interest receivable *(Note)*	—	—	6,713	4,766
Prepayments	8,420	17,566	24,902	39,126
	64,743	121,597	223,515	307,315

Note: As at 31 December 2018 and 30 June 2019, the balance mainly represents the interest receivable from the deposit maintained with a fellow subsidiary, which amounts to RMB6,713,000 and RMB3,905,000 respectively. Please refer to note 7(a)(iii) for further details.

21. DEPOSITS AND BANK BALANCES

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash on hand	1,692	257	103	119
Cash at banks and financial institution	1,277,825	1,648,796	1,811,467	1,903,289
Total deposits and bank balances	1,279,517	1,649,053	1,811,570	1,903,408
Less: Time deposits with original maturity over three months	(22,000)	(52,000)	(18,000)	—
Restricted cash	—	—	—	(1,000)
Cash and cash equivalents in the consolidated statement of cash flows	1,257,517	1,597,053	1,793,570	1,902,408

Notes:

a) Cash on hand and cash at bank and financial institution are denominated in RMB placed in the PRC. RMB is not freely convertible to other currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies only through banks that are authorised to conduct foreign exchange business.

b) As at 31 December 2016, 2017 and 2018 and 30 June 2019, the Group's deposits and bank balances include deposits in Poly Finance, a fellow subsidiary and a licenced financial institution, amounting RMB Nil, RMB Nil and RMB1,006,234,000 and RMB985,796,000 respectively.

c) Cash at banks and financial institution earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

22. TRADE PAYABLES

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Related parties	—	—	—	1,753
Third parties	119,997	157,985	193,320	268,661
	119,997	157,985	193,320	270,414

Based on the receipt of services and goods, which normally coincided with the invoice dates, the ageing analysis of the Group's trade payables as at the end of each of the Track Record Period is as follows:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	118,083	153,425	180,613	246,134
1 to 2 years	1,883	4,560	11,224	17,850
Over 2 years	31	—	1,483	6,430
	119,997	157,985	193,320	270,414

23. ACCRUALS AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals and other payables				
— Related parties	35,675	33,302	28,028	29,238
— Third parties	603,682	680,872	794,957	818,247
	639,357	714,174	822,985	847,485
Other tax payables	20,256	31,710	33,293	40,483
Dividend payables *(Note)*	—	140,000	13,580	13,580
Salaries payables	28,742	79,544	18,027	47,790
	688,355	965,428	887,885	949,338

Note: The dividend payable as of 31 December 2018 and 30 June 2019 represents the dividend declared by Hunan Poly Tianchuang to its two then-shareholders prior to being acquired by the Group.

24. LEASE LIABILITIES

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Minimum lease payments due				
— Within 1 year	2,026	2,860	3,418	2,759
— Between 1 to 2 years	1,911	1,507	2,879	2,303
— Between 2 to 5 years	1,531	3,926	8,110	7,166
— Later than 5 years	900	3,879	6,655	5,707
	6,368	12,172	21,062	17,935
Less: future finance charges	(764)	(2,018)	(3,333)	(2,320)
Present value of lease liabilities	5,604	10,154	17,729	15,615
— Current	1,754	2,331	2,284	2,577
— Non-current	3,850	7,823	15,445	13,038

The Group leases various properties mainly as its office and these lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid. Extension options are included in a number of property leases across the Group. Periods covered by the extension options were included in the lease terms if the Group was reasonably certain to exercise the options.

The total cash outflows for leases including payments of the lease liabilities, payments of interest expenses on leases for the years ended 31 December 2016, 2017, 2018 and the six months ended 30 June 2019 were RMB1,928,000, RMB2,316,000, RMB3,588,000 and RMB3,274,000.

25. DEFERRED TAX

Details of the deferred tax assets and liabilities recognised and movements during the Track Record Period is as follows:

Deferred tax assets

	Impairment loss on trade receivables	Impairment loss on other receivables	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2016	1,606	2,285	3,891
Charged to profit or loss for the year	(597)	(1,656)	(2,253)
At 31 December 2016 and 1 January 2017	1,009	629	1,638
Credited to profit or loss for the year	599	478	1,077
At 31 December 2017 and 1 January 2018	1,608	1,107	2,715
Acquired through acquisition of a subsidiary *(Note 28)*	516	78	594
(Charged to)/credited to profit or loss for the year	(447)	689	242
At 31 December 2018 and 1 January 2019	1,677	1,874	3,551
Credited to profit or loss for the period	1,788	455	2,243
At 30 June 2019	3,465	2,329	5,794

Deferred tax liabilities

	Amortization on intangible assets	Withholding tax of undistributed profits	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2016, 31 December 2016, 1 January 2017, 31 December 2017 and 1 January 2018	—	—	—
Acquired through acquisition of a subsidiary *(Note 28)*	13,750	—	13,750
Credited to profit or loss for the year	(637)	—	(637)
At 31 December 2018 and 1 January 2019	13,113	—	13,113
Acquired through acquisition of a subsidiary *(Note 28)*	750	—	750
(Credited to)/charge to profit or loss for the period	(805)	474	(331)
At 30 June 2019	13,058	474	13,532

26. CAPITAL

(i) The Company was incorporated as state-owned company under the laws of the PRC with limited liability on 26 June 1996 with a registered share capital of RMB3,000,000.

(ii) There was authorised and issued capital of RMB50,000,000, RMB100,000,000, RMB100,000,000, RMB100,000,000, RMB100,000,000, RMB100,000,000, RMB100,000,000 and RMB400,000,000 as at 1 January 2016, 31 December 2016, 1 January 2017, 31 December 2017, 1 January 2018, 31 December 2018, 1 January 2019, and 30 June 2019.

(iii) Further details of the changes in the Company's share capital are set out in the section headed "History and Development" in the Prospectus.

27. COMMITMENTS

Capital commitments

Capital expenditure contracted for at the end of the year/period but not yet incurred is as follow:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	962	7,918	5,076	9,578

28. ACQUISITION OF SUBSIDIARIES

(a) Hunan Poly Tianchuang

On 29 June 2018, the Group entered into a sales and purchase agreement with independent third parties for the acquisition of 60% of equity interests in Hunan Poly Tianchuang, a company whose principal activity is provision of property management and other community services. The total consideration for the acquisition was RMB78,000,000. The acquisition was made with the aims to expand the Group's existing scale of operation and enlarge the Group's market presence.

Goodwill of RMB46,129,000 primarily arose from the expected future development of Hunan Poly Tianchuang's business, improvement on market coverage, enriching the service portfolio, integrating value-added services, and improvement on management efficiency, etc. Goodwill recognised is not expected to be deductible for income tax purposes.

The fair value of identifiable assets acquired and liabilities assumed at the completion date of acquisition are as follows:

	Carrying amount	**Fair value adjustments**	**Fair value**
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	3,003	—	3,003
Trade receivables	24,173	—	24,173
Deposit, prepayment and other receivables	4,614	—	4,614
Deferred tax assets	594	—	594
Intangible assets *(Note 17)*	—	55,000	55,000
Cash	12,539	—	12,539
Trade payables	(456)	—	(456)
Dividends payable	(16,411)	—	(16,411)
Accrual and other payables	(5,943)	—	(5,943)
Deferred tax liabilities *(Note 25)*	—	(13,750)	(13,750)
Contract liabilities	(3,237)	—	(3,237)
Income tax payable	(7,008)	—	(7,008)
	11,868	41,250	53,118
Non-controlling interest			(21,247)
Goodwill *(Note 17)*			46,129
Fair value of consideration			78,000

Satisfied by:	**Total**
	RMB'000
Cash	39,000
Consideration payable included in other payables	39,000
	78,000

An analysis of net outflow of cash and cash equivalents in respect of acquisition of a subsidiary are as follow:

	RMB'000
Net cash outflow arising on:	
Purchase consideration settled in cash	(39,000)
Deposit and bank balances acquired	12,539
	(26,461)

The Group has elected to measure the non-controlling interest in Hunan Poly Tianchuang at acquisition-date at the non-controlling interest's proportionate share of Hunan Poly Tianchuang's net identifiable assets.

Since the acquisition date, Hunan Poly Tianchuang has contributed RMB104,994,000 and RMB9,907,000 to the Group's revenue and profit for the year. If the acquisition had occurred on 1 January 2018, the Group's revenue and profit would have been RMB4,326,878,000 and RMB340,801,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2018, nor is it intended to be a projection of future performance.

(b) Poly Huichuang Chongqing

On 11 April 2019, the Group entered into a sales and purchase agreement with independent third parties for the acquisition of 51% of equity interests in Poly Huichuang Chongqing, a company whose principal activity is provision of property management and other community services. The total consideration for the acquisition was RMB4,080,000. The acquisition was made with the aims to expand the Group's existing scale of operation and enlarge the Group's market presence.

The fair value of identifiable assets acquired and liabilities assumed at the completion date of acquisition are as follows:

	Carrying amount	**Fair value adjustments**	**Fair value**
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	148	—	148
Inventories	82	—	82
Deposit, prepayment and other receivables	830	—	830
Intangible assets *(Note 17)*	—	3,000	3,000
Cash	7,037	—	7,037
Accrual and other payables	(1,250)	—	(1,250)
Deferred tax liabilities *(Note 25)*	—	(750)	(750)
Contract liabilities	(2,870)	—	(2,870)
	3,977	2,250	6,227
Non-controlling interest			(3,051)
Goodwill *(Note 17)*			904
Fair value of consideration			4,080

Satisfied by:	**Total**
	RMB'000
Cash	1,530
Consideration payable included in other payables	2,550
	4,080

An analysis of net inflow of cash and cash equivalents in respect of acquisition of a subsidiary are as follow:

	RMB'000
Net cash inflow arising on:	
Purchase consideration settled in cash	(1,530)
Deposit and bank balances acquired	7,037
	5,507

The Group has elected to measure the non-controlling interest in Poly Huichuang Chongqing at acquisition-date at the non-controlling interest's proportionate share of Poly Huichuang Chongqing's net identifiable assets.

Since the acquisition date, Poly Huichuang Chongqing has contributed RMB3,794,000 and RMB345,000 to the Group's revenue and profit for the period. If the acquisition had occurred on 1 January 2019, the Group's revenue and profit would have been RMB2,829,184,000 and RMB317,233,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2019, nor is it intended to be a projection of future performance.

29. MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following material related party transactions during the Track Record Period:

(a) Name and relationship

Name of related parties	**Relationship with the Group**
Poly Developments and Holdings Group	Immediate Holding Company and its subsidiaries
Poly Finance	Subsidiary of China Poly Group

(b) Material related party transactions

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Poly Developments and Holdings Group					
Provision of services					
— Property management services	227,492	165,853	135,442	73,056	75,056
— Value-added services to non-property owners	324,821	385,905	534,477	263,841	346,953
— Community value-added services	10,176	7,683	8,441	6,195	15,253
Interest income	4,610	—	—	—	11
Disposal of financial assets at FVTOCI	—	—	2,052	2,052	—
Purchase of inventories	—	—	85,490	—	—
Lease contract arrangements					
— Right-of-use assets	2,128	6,676	4,829	5,732	6,053
— Lease liabilities	2,177	6,985	5,530	6,234	6,806
— Depreciation	1,064	1,359	1,900	945	1,648
— Interest expense	152	123	338	167	207
— Rental expense	1,834	4,081	8,904	3,814	7,508
Trademark fee	—*	—*	—*	—	—
Software development expenses	2,934	4,252	3,501	1,593	1,572
Hardware Procurement expenses	—	—	—	—	549
Associates of Poly Developments and Holdings Group					
Provision of services					
— Property management services	2,526	8,074	5,245	1,863	1,294
— Value-added services to non-property owners	17,867	36,838	58,866	28,274	46,034
— Community value-added services	—	454	1,904	842	744
Joint ventures of Poly Developments and Holdings Group					
Provision of services					
— Property management services	9,421	7,150	4,180	2,151	808
— Value-added services to non-property owners	14,457	21,062	33,675	16,187	30,439
— Community value-added services	1,008	422	337	135	118
Lease contract arrangements					
— Right-of-use assets	2,198	1,903	1,608	1,755	1,461
— Lease liabilities	2,246	1,962	1,698	1,829	1,559
— Depreciation	288	295	295	148	146
— Interest expense	120	110	96	47	41
Poly Finance					
Interest income	21	—	7,146	—	7,055

* The balances represent amount less than RMB1,000.

30. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits, respectively.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy-back as well as the issue of new debts or redemption of existing debt, if necessary.

Management regards total equity as capital. The amount of capital as at 31 December 2016, 2017 and 2018 and 30 June 2019 amounted to approximately RMB310,895,000, RMB400,307,000, RMB693,129,000 and RMB866,831,000, respectively, which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

31. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include financial assets at FVTOCI, trade receivables, deposits and other receivables, cash and cash equivalents, trade payables, accrued charges and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include interest rate risk, currency risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rate.

(b) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables and cash deposits at banks. The carrying amounts of trade and other receivables, cash and cash equivalents and restricted cash represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and financial institution. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group has large number of customers and there was no concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of individual property owner or the borrower
- Significant increases in credit risk on the other financial instruments of the individual property owner or the same borrower

- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower

(i) Trade and other receivables

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the Group applies the general approach to provide for expected credit losses prescribed by HKFRS 9, which permits to recognise 12-month expected credit losses for trade receivables from related parties and all other receivables. Trade receivables from third parties applies the simplified approach to provide for expected losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision.

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the loss allowance provision for the remaining balances was determined as follows. The expected credit losses below also incorporated forward looking information.

(i) Trade receivables

Trade receivables		**Third parties**		**Related**	
	Up to 1 year	**1 to 2 year**	**Over 2 years**	**parties**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2016					
Expected loss rate	2.5%	Nil	Nil	3.2%	
Gross carrying amount	26,123	—	—	105,558	131,681
Loss allowance provision	643	—	—	3,393	4,036
At 31 December 2017					
Expected loss rate	2.6%	3.3%	Nil	2.9%	
Gross carrying amount	83,380	9,802	—	137,927	231,109
Loss allowance provision	2,175	320	—	3,937	6,432
At 31 December 2018					
Expected loss rate	2.5%	3.5%	88.3%	3.1%	
Gross carrying amount	101,499	576	1,221	99,711	203,007
Loss allowance provision	2,570	20	1,078	3,043	6,711
At 30 June 2019					
Expected loss rate	2.5%	3.5%	85.7%	3.1%	
Gross carrying amount	331,483	22,550	1,258	118,988	474,279
Loss allowance provision	8,356	790	1,078	3,636	13,860

The expected credit loss rate for each individual financial year during the Track Record Period is different for the trade receivables from third parties, which applies the simplified approach to provide for expected losses prescribed by HKFRS 9. In the opinion of the directors, no material difference of the provision of loss allowance between the use of the different expected credit loss rate and the same expected credit loss rate disclosed as above. Therefore, same expected credit loss rate adopt during the Track Record Period.

Note: During 2018, gross carry amount and loss allowance provision of RMB26,237,000 and RMB2,064,000 respectively are arisen due to the acquisition of a subsidiary. The details are as follows:

Trade receivables		**Third parties**		**Related**	
	Up to 1 year	**1 to 2 year**	**Over 2 years**	**parties**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	3.9%	Nil	100%	Nil	
Gross carrying amount	25,159	—	1,078	—	26,237
Loss allowance provision	986	—	1,078	—	2,064

(ii) Deposits and other receivables

Deposits and other receivables	Third parties	Related parties	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2016			
Expected loss rate	4.3%	Nil	
Gross carrying amount	58,101	—	58,101
Loss allowance provision	2,515	—	2,515
At 31 December 2017			
Expected loss rate	4.1%	Nil	
Gross carrying amount	106,769	—	106,769
Loss allowance provision	4,366	—	4,366
At 31 December 2018			
Expected loss rate	4.1%	2.2%	
Gross carrying amount *(Note a)*	162,603	34,925	197,528
Loss allowance provision *(Note a)*	6,709	785	7,494
At 30 June 2019			
Expected loss rate	4.0%	2.2%	
Gross carrying amount *(Note b)*	233,430	37,951	271,381
Loss allowance provision *(Note b)*	9,356	835	10,191

Note a: In 2018, gross carry amount and loss allowance provision of RMB4,926,000 and RMB312,000 respectively are arisen due to the acquisition of a subsidiary. The details are as follows:

Deposits and other receivables	Third parties	Related parties	Total
	RMB'000	*RMB'000*	*RMB'000*
Expected loss rate	6.3%	Nil	6.3%
Gross carrying amount	4,926	—	4,926
Loss allowance provision	312	—	312

Note b: In 2019, gross carry amount and loss allowance provision of RMB830,000 and Nil respectively are arisen due to the acquisition of a subsidiary during the period.

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the loss allowance provision for trade and other receivables reconciles to the opening loss allowance for that provision as follows:

	Trade receivables *RMB'000*	**Other receivables** *RMB'000*	**Total** *RMB'000*
At 1 January 2016	6,424	9,139	15,563
Reversal of loss allowance recognised previously	(2,388)	(6,624)	(9,012)
At 31 December 2016 and 1 January 2017	4,036	2,515	6,551
Provision for loss allowance recognised in profit or loss	2,396	1,851	4,247
At 31 December 2017 and 1 January 2018	6,432	4,366	10,798
Obtained through acquisition of a subsidiary	2,064	312	2,376
Provision for loss allowance recognised in profit or loss	—	2,816	2,816
Reversal of loss allowance recognised previously	(1,785)	—	(1,785)
At 31 December 2018 and 1 January 2019	6,711	7,494	14,205
Provision for loss allowance recognized in profit or loss	7,149	2,697	9,846
At 30 June 2019	13,860	10,191	24,051

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the gross carrying amount of trade and other receivables was RMB189,782,000, RMB337,878,000, RMB400,535,000 and RMB745,660,000 thus the maximum exposure to loss was RMB6,551,000, RMB10,798,000, RMB14,205,000 and RMB24,051,000 respectively.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of each reporting period.

	Carrying amount	**Total contractual undiscounted cash flows**	**Within one year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2016						
Trade payables	119,997	119,997	118,083	1,883	1	30
Accruals and other payables	668,099	668,099	543,524	74,373	50,202	—
Lease liabilities	5,604	6,368	2,026	1,911	1,531	900
	793,700	794,464	663,633	78,167	51,734	930
As at 31 December 2017						
Trade payables	157,985	157,985	153,425	4,560	—	—
Accruals and other payables	933,718	933,718	500,926	349,184	83,608	—
Lease liabilities	10,154	12,172	2,860	1,507	3,926	3,879
	1,101,857	1,103,875	657,211	355,251	87,534	3,879
As at 31 December 2018						
Trade payables	193,320	193,320	180,613	11,224	1,483	—
Accruals and other payables	854,592	854,592	625,384	174,026	55,182	—
Lease liabilities	17,729	21,062	3,418	2,879	8,110	6,655
	1,065,641	1,068,974	809,415	188,129	64,775	6,655
As at 30 June 2019						
Trade payables	270,414	270,414	246,134	17,850	6,430	—
Accruals and other payables	908,855	908,855	678,789	187,911	42,155	—
Lease liabilities	15,615	17,935	2,759	2,303	7,166	5,707
	1,194,884	1,197,204	927,682	208,064	55,751	5,707

(d) Currency risk

The Group mainly operated in the PRC with most of the transactions settled in RMB and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

(e) Fair value

(i) Financial instruments not measured at fair value

Financial instruments not measured at fair value include deposits and bank balances, trade receivables, deposits and other receivables, trade payables and accruals and other payables.

Due to their short term nature, the carrying values of these financial investments approximates fair values.

(ii) Financial instruments measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

- Level 2 valuations: Fair value measured using only Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs; and

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair value of the Group's unlisted equity investments at 31 December 2016, 2017, 2018 and 30 June 2019 has been arrived at on the basis of valuation carried out by APAC, a firm of independent professionally qualified valuers not connected with the Group.

The unlisted equity investments are categorised into level 3 of fair value measurement.

	31 December 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	—	—	3,200	3,200

	31 December 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	—	—	7,400	7,400

	31 December 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	—	—	10,800	10,800

	30 June 2019 Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	—	—	13,700	13,700

There were no transfers between levels during the years/period.

Valuation techniques and inputs used in Level 3 fair value measurements:

	Fair value at 31 December 2016 *RMB'000*	Valuation technique	Unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through other comprehensive income					
— Unlisted equity investments	3,200	Market Comparable approaches	Discount for lack of marketability	30%	The higher the discount rate, the lower the fair value

	Fair value at 31 December 2017 *RMB'000*	Valuation technique	Unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through other comprehensive income					
— Unlisted equity investments	7,400	Market Comparable approaches	Discount for lack of marketability	30%	The higher the discount rate, the lower the fair value

	Fair value at 31 December 2018 *RMB'000*	Valuation technique	Unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through other comprehensive income					
— Unlisted equity investments	10,800	Market Comparable approaches	Discount for lack of marketability	30%	The higher the discount rate, the lower the fair value

	Fair value at 30 June 2019	Valuation technique	Unobservable input	Range	Relationship of inputs to fair value
	RMB'000				
Financial assets at fair value through other comprehensive income					
— Unlisted equity investments	13,700	Market Comparable approaches	Discount for lack of marketability	30%	The higher the discount rate, the lower the fair value

The fair value of unlisted equity investments are determined using the price/book ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2016, 2017 and 2018 and 30 June 2019, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's other comprehensive income by RMB32,000, RMB74,000, RMB108,000 and RMB137,000 respectively.

The movement during the Track Record Period in the balance of the level 3 fair value measurements are as follows:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments:				
At 1 January	3,400	3,200	7,400	10,800
Additions	—	450	—	—
Net unrealised gains or losses recognised in other comprehensive income during the year/period	(200)	3,750	5,508	2,900
Disposals	—	—	(2,108)	—
At 31 December/30 June	3,200	7,400	10,800	13,700

32. CASH FLOW INFORMATION

Cash generated from operations

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit before income tax expense	207,306	303,265	462,813	295,775	437,152
Adjustments for:					
Depreciation of property, plant and equipment	20,659	19,949	26,971	11,769	16,155
Depreciation of investment properties	1,595	1,380	780	390	337
Amortization of intangible assets	—	—	2,546	—	3,223
(Reversal of impairment) /impairment loss on trade receivables	(2,388)	2,396	(1,785)	4,305	7,149
(Reversal of impairment) /impairment loss on other receivables	(6,624)	1,851	2,816	1,544	2,697
Share of an associates'/joint ventures' results	235	(1,237)	(4,607)	(2,180)	(10,002)
Impairment loss on interests in associates/joint ventures	468	523	—	—	—
Bank interest income	(6,961)	(10,881)	(9,279)	(7,727)	(2,243)
Other interest income	(4,631)	—	(7,280)	—	(7,540)
Finance costs	339	399	823	329	435
Gain on disposal of investment properties	—	(20,108)	(4,051)	—	(1,256)
Loss on disposal of property, plant and equipment	311	97	113	4	88
Loss on disposal of financial assets at FVTOCI	—	—	56	56	—
Restricted cash	—	—	—	—	(1,000)
Net cash generated from operating activities before changes in working capital	210,309	297,634	469,916	304,265	445,195
Changes in working capital:					
Decrease/(increase) in inventories	209	(523)	(64,445)	11	11,779
Decrease/(increase) in trade receivables	76,309	(100,319)	54,101	(160,450)	(271,272)
Decrease/(increase) in prepayments, deposits and other receivables	310,966	(57,814)	(93,169)	(47,481)	(86,874)
Increase in trade payables	46,103	37,988	34,879	96,430	77,094
Increase/(decrease) in accruals and other payables	181,581	137,073	1,103	(23,277)	57,653
Increase in contract liabilities	24,739	118,951	141,814	53,488	101,265
Cash generated from operations	850,216	432,990	544,199	222,986	334,840

33. EVENTS AFTER THE END OF TRACK RECORD PERIOD

Save as disclosed elsewhere in this Historical Financial Information, the Group has no significant events subsequent to the end of Track Record Period.

34. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 30 June 2019.

The information set forth in this appendix does not form part of the Accountants' Report prepared by BDO Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

(A) UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma financial information prepared in accordance with paragraph 4.29 of the Main Board Listing Rules and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants is for illustrative purpose only, and is set out herein to provide the prospective investors with further illustrative financial information about the effect of the Global Offering on the consolidated net tangible assets of the Group as at 30 June 2019 as if the Global Offering had taken place on 30 June 2019. Because of its hypothetical nature, the unaudited pro forma financial information may not give a true picture of the financial position of our Group had the Global Offering been completed on 30 June 2019 or at any future dates.

	Consolidated net tangible assets of the Group as at 30 June 2019	**Estimated net proceeds from the issue of new Shares pursuant to the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group**	**Unaudited pro forma adjusted consolidated net tangible assets per Share**	**Unaudited pro forma adjusted consolidated net tangible assets per Share**
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on Offer Price of HK$30.70 per Offer Share	728,224	3,598,953	4,327,177	8.11	9.03
Based on Offer Price of HK$35.10 per Offer Share	728,224	4,117,889	4,846,113	9.09	10.12

Notes:

1. The consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2019 have been derived from consolidated net assets of the Group as at 30 June 2019, after deduction of non-controlling interests and intangible assets as shown in the Accountants' Report set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on the Company issuing and offering 133,333,400 Shares at the Offer Price of HK$30.70 or HK$35.10 per Offer Share, after deduction of the estimated underwriting fees and commissions and other estimated expenses payable by the Company in relation to the Global Offering which have not been reflected in net tangible assets of the Group as at 30 June 2019. The estimated net proceeds are converted into RMB at an exchange rate of HK$1.00 to RMB0.89802, the exchange rate set by the People's Bank of China for foreign exchange transactions prevailing on 29 November 2019. No representation is made that the HK$ amounts have been, could have been or could be converted into RMB, or vice versa, at that rate, or at any other rate or at all. No account has been taken of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.

3. The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 533,333,400 Shares in issue immediately following the completion of the Global Offering as set out in the "Share Capital" section to this prospectus had the Global Offering been completed on 30 June 2019, but taking no account of any Shares which may be issued upon the exercise of the Over allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.

4. The unaudited pro forma adjusted consolidated net tangible assets per Share are converted to Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.89802, the exchange rate set by the People's Bank of China for foreign exchange transactions prevailing on 29 November 2019. No representation is made that the RMB amounts have been, could have been or could be converted into HKD, or vice versa, at that rate, or at any other rate or at all.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2019.

(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, BDO Limited, Certified Public Accountants, Hong Kong, in relation to the unaudited pro forma financial information.

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Poly Property Development Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Poly Property Development Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of consolidated net tangible assets of the Group as at 30 June 2019 and related notes as set out on pages II-1 to II-2 of Appendix II to the Company's prospectus dated 9 December 2019 (the "**Prospectus**") in connection with the proposed initial public offering of the shares of the Company (the "**Global Offering**"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Global Offering on the Group's consolidated financial position as at 30 June 2019 as if the Global Offering had taken place at 30 June 2019. As part of this process, information about the Group's consolidated financial position has been extracted by the directors of the Company from the Group's financial information for the period ended 30 June 2019, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Global Offering at 30 June 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited
Certified Public Accountants
Hong Kong

9 December 2019

HONG KONG TAXATION

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H shares. However, trading gains from the sale of the H shares by persons carrying on a trade, profession or business in Hong Kong, where such gains derived from or arose in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (such as financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains, unless these taxpayers can prove that the security investment are held for long-term investment purposes.

Trading gains from sales of the H shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arose in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H shares effected on the Hong Kong Stock Exchange by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a non-Hong Kong resident and does not pay the ad valorem duty due by it, the duty not paid will be assessed pursuant to the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times of the tax payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished the provisions on estate duty of deaths occurring on or after February 11, 2006.

TAXATION OF OUR COMPANY IN HONG KONG

Our Directors do not consider that any of our Company’s income is derived from or arose in Hong Kong for the purpose of Hong Kong taxation. Our Company will therefore not be subject to Hong Kong taxation.

PRC LAWS AND REGULATIONS RELATING TO TAXES

(i) Income Tax

According to the EIT Law (《中華人民共和國企業所得稅法》) (Order No.63 of the President), which was promulgated by the NPC on 16 March 2007 and came into effect on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018, and the Implementation Regulations of EIT Law (Order No. 512 of the State Council) (《企業所得稅法實施條例》), which was promulgated by the State Council on 6 December 2007 and came into effect on 1 January 2008, the income tax rate of 25% applies to all PRC companies, foreign-invested companies and foreign companies which have established production and operation facilities in the PRC.

These enterprises are classified as either resident enterprises or non-resident enterprises. An enterprise that is established in China in accordance with PRC laws, or that is established in accordance with the law of a foreign country (region) but whose "de facto management bodies" is inside China is resident enterprise, which is subject to enterprise income tax at the rate of 25% on their global income. The Implementation Regulations of EIT Law defines the term "de facto management bodies" as "bodies that conduct substantial and all-round management and control with respect to the production, operations, personnel, finance, property, etc. of the enterprise."

An enterprise that is established according to the law of a foreign country (region) and whose "de facto management bodies" are not in China, but which have established institutions or premises in China or which have not established institutions or premises in China but have income earned in China is non-resident enterprise. According to the Implementation Regulations of EIT Law, non-resident enterprises which have not established institutions or premises in China or which have established institutions in China but whose incomes have no actual connection to its institution or establishment inside China shall be subject to a reduced enterprise income tax rate of 10% on incomes derived from China.

(ii) Income Tax Relating To Dividend Distribution

According to Agreement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) which was promulgated by State Administration of Taxation on 21 August 2006 and came into effect on 8 December 2006, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong company if such Hong Kong company directly holds at least 25% of the equity interests in the PRC company, otherwise the 10% withholding tax rate applies.

Pursuant to Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No.81) which was promulgated and became effective on 20 February 2009, to enjoy the treatment under the tax agreement, the fiscal resident of the other contracting party shall meet all of the following requirements (i) the fiscal resident of the other contracting party shall be limited to a company; (ii) Both the proportion of all ownership interest and the proportion of all voting shares in the Chinese resident company of the fiscal resident of the other contracting party shall meet the prescribed proportions; and (iii) The proportion of capital of the Chinese resident company directly owned by the fiscal resident of the other contracting party shall meet the proportion prescribed in the tax agreement at any time during 12 consecutive months before dividends are obtained.

According to the Notice of SAT on the Issues Relating to the Beneficial Owners in the Tax Treaty (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》) (Notice of SAT [2018] No. 9), which was promulgated by SAT on 3 February 2018 and became effective on 1 April 2018, a comprehensive analysis will be used to determine beneficial ownership based on the actual situation of a specific case combined with certain principles, and if an applicant was obliged to pay more than 50% of its income to a third country (region) resident within 12 months of the receipt of the income, or the business activities undertaken by an applicant did not constitute substantive business activities including substantive manufacturing, distribution, management and other activities, the applicant was unlikely to be recognised as an beneficial owner to enjoy tax treaty benefits.

(iii) Value-added Tax

According to Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (Order No. 134 of the State Council), which was promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and was amended on 10 November 2008, 6 February 2016, 19 November 2017, organisations and individuals engaging in sale of goods or processing, repair and assembly services (hereinafter referred to as "**labour services**"), sale of services, intangible assets, immovables and importation of goods in the PRC shall be taxpayers of Value-added Tax ("**VAT**"), the tax rate for taxpayers engaging in sale of services and intangible assets shall be 6% unless otherwise stipulated.

In addition, 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) (Cai Shui [2016] No. 36) which was issued by the Ministry of Finance and the State Administration of Taxation on 23 March 2016 and came into effect on 1 May 2016, the state started to fully implement the pilot change from business tax to value-added tax on 1 May 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.

Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No.32) (《財政部　稅務總局關於調整增值稅稅率的通知》) was promulgated on 4 April 2018, and came into force as of 1 May 2018. The VAT rates are adjusted. To be specific, (1) where a taxpayer engages in a taxable sales activity for the VAT purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively. (2) The original 11% deduction rate, applicable to agricultural products bought by a taxpayer, will be lowered to 10%. (3) For agricultural products bought by a taxpayer for the production or sales purposes or for processing goods on a commission basis subject to 16% tax rate, the input VAT shall be calculated at the 12% deduction rate. (4) Exported goods, originally subject to 17% tax rate and 17% export rebate rate, will be subject to a lower export rebate rate, a decrease to 16%, while exported goods and cross-border taxable activities, subject to 11% tax rate and 11% export rebate rate, will be subject to 10% export rebate rate.

Announcement on Policies for Deepening the VAT Reform (Announcement [2019] No. 39 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs) (《關於深化增值稅改革有關政策的公告》) was promulgated on 20 March 2019, and came into force as of 1 April 2019. The VAT rates was further adjusted, (1) for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively; (2) For the agricultural products purchased by taxpayers to which an existing 10% deduction rate is applicable, the deduction rate is adjusted to 9%; and for the agricultural products purchased by taxpayers for production or commissioned processing, which are subject to VAT at 13%, the input VAT will be calculated at a 10% deduction rate; (3) for the exportation of goods or labour services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%; and for the exportation of goods or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%. Furthermore, from 1 April 2019 to 31 December 2021, a taxpayer engaged in production or livelihood services is allowed to have a 10% weighted deduction of creditable input VAT in the current period from the tax amount payable.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL IN THE PRC

According to Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) (Order No.193 of the State Council) (the "**Foreign Exchange Administration Regulations**"), which was promulgated by the State Council of on 29 January 1996 and came into effect since 1 April 1996 and was amended on 14 January 1997 and 5 August 2008, PRC imposes no restrictions on regular international payments and transfers, such as trade and service-related foreign exchange transactions and dividend payments, but it shall be based on true and legitimate transactions and financial institutions engaging in conversion and sale of foreign currencies shall carry out reasonable examination, and the foreign exchange control authorities shall have the right to carry out supervision and inspection.

For capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loans, shall be conducted upon the prior approval by the competent authorities for the administration of foreign exchange.

In accordance with the Provisions on Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (issued by the People's Bank of China on June 20, 1996 and came into effect on July 1, 1996), foreign exchange receipts under the current account of foreign-invested enterprises may be retained within the maximum amount approved by the foreign exchange administration department and the exceeding part shall be sold to a designated foreign exchange bank or sold through the foreign exchange swap centre.

According to the Notice of State Administration of Foreign Exchange on Reforming and Regulating the policies for the Administration of Foreign Exchange Settlement under the Capital Account (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (Hui Fa [2016] No.16) which was issued by the State Administration of Foreign Exchange on 9 June 2016 and came into effect on the same day, the settlement of foreign exchange receipts under the capital account (including foreign exchange capital, external debts, funds repatriated from overseas listing, etc.) entitled to discretionary settlement according to relevant policies, shall be conducted in the banks as actually needed for business operation. The RMB funds obtained by a domestic entity from its discretionary settlement of foreign exchange receipts under the capital account shall be included in the account pending for foreign exchange settlement and payment. The discretionary exchange settlement ratio of foreign exchange receipts under the capital account of domestic entities is tentatively set as 100%. The State Administration of Foreign Exchange may adjust the above ratio in due time in accordance with the balance of payment status.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

The Hong Kong laws applicable to a company incorporated in Hong Kong are the Companies Ordinance and the Companies (Winding up and Miscellaneous Provisions) Ordinance and are supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Hong Kong Stock Exchange, our Company is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Companies Ordinance applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Incorporation of Corporate

Under the Companies Ordinance, a company with share capital shall be incorporated by the Registrar of Companies in Hong Kong and the company will acquire an independent corporate existence upon its incorporation. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain provisions that restrict a member's right to transfer shares. A public company's articles of association do not contain such provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or stock flotation. The newly amended PRC Company Law which came into effect on October 26, 2018, has no provisions on minimum registered capital of joint stock companies, except that laws, administrative regulations and State Council decisions have separate provisions on paid-in registered capital and the minimum registered capital of joint stock companies, in which case the company should follow such provisions.

Hong Kong law does not prescribe minimum capital requirement for a Hong Kong company.

Share Capital

Under Hong Kong law, the directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company. The PRC Company Law provides that any increase in our Company's registered capital must be approved by its shareholders' general meeting and the relevant PRC governmental and regulatory authorities.

Under the PRC Securities Law, a company which is approved by the relevant securities regulatory authority to list its shares on a stock exchange must have a total share capital of not less than RMB30 million. There is no such restriction on companies incorporated in Hong Kong under Hong Kong law.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). If capital contribution is made other than in cash, valuation and verification of the assets contributed must be carried out and converted into shares according to the laws. Non-monetary assets used for capital contributions shall not be overvalued or undervalued. Where laws or administrative regulations provide otherwise, those provisions shall prevail. There is no such restriction on a Hong Kong company under the Hong Kong law.

Restrictions on Shareholding and Transfer of Shares

Under PRC laws, our Company's Domestic Shares, which are denominated and subscribed for in Renminbi, may only be subscribed for and traded by the State, PRC legal persons, natural persons, qualified foreign institutional investors, or eligible foreign strategic investors. Overseas listed H shares, which are denominated in Renminbi and subscribed for in a foreign currency, may only be subscribed for and traded by investors from Hong Kong, Macau, Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors. However, qualified institutional investors and individual investors may trade the Southbound Hong Kong Trading Link and the Northbound Shanghai Trading Link (or the Northbound Shenzhen Trading Link) shares via participating in the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares issued prior to the public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares transferred each year by the directors, supervisors and senior management of a joint stock limited company during their respective term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after such person leave office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management. There are no such restrictions on shareholding and transfers of shares under Hong Kong law apart from six-month lockup on the company's issue of shares and the twelve-month lockup on controlling shareholders' disposal of shares.

Financial Assistance for Acquisition of Shares

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Mandatory Provisions contain special restrictions provisions on a company and its subsidiaries on providing aforesaid financial assistance similar to those under the Companies Ordinance.

Variation of Class Rights

The PRC Company Law has no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate separate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. The relevant provisions have been incorporated in the Articles of Association, summary of which is set out in "Appendix V-Summary of the Articles of Association" to this prospectus.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class of shares at a separate meeting, (ii) with the consent in writing of the holders representing at least 75% of the total voting rights of the relevant class of shares, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Directors, Senior Management and Supervisors

The PRC Company Law, unlike Companies Ordinance, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on interested contracts and specify the circumstances under which a director may receive compensation for loss of office.

Supervisory Board

Under the PRC Company Law, a joint stock limited company's directors and members of the senior management are subject to the supervision of supervisory board. There is no mandatory requirement for the establishment of supervisory board for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Derivative Action by Minority Shareholders

Pursuant to Hong Kong law, minority shareholders may initiate a derivative action on behalf of all shareholders against directors, who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name. The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their obligations and cause damages to a company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory board to initiate proceedings in the people's court. In the event that the supervisory board violates their obligations and cause damages to company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of aforesaid written request from the shareholders, if the supervisory board or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days from the date of receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

The Mandatory Provisions also provides further remedies against the directors, supervisors and senior management who breach their duties to the company.

Protection of Minorities

Under Hong Kong law, a shareholder who complains that the business of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to either appoint a receiver or manager over the property or business of the company or make an appropriate order regulating the affairs of the company. In addition, if the application of members reaches a specified number, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC Company Law provides that, a company which encounters substantial operational or management difficulties, and its continuance will cause significant loss to the interests of its shareholders and the situation cannot be resolved by other means, shareholders of the company who hold more than ten percent of the voting rights of all shareholders may apply to a people's court for the dissolution of the company. The Mandatory Provisions, however, except as required by laws and regulations or the Listing Rules provides that a controlling shareholder shall not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of a proportion of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

Notice of Shareholders' General Meetings

Under the PRC Company Law, notice of a shareholders' annual general meeting and an interim general meeting must be given to shareholders no less than 20 days and 15 days before the date of such meeting, respectively. For a company incorporated in Hong Kong, the minimum period of notice is 21 days in the case of an annual general meeting and 14 days in other cases.

Quorum for Shareholders' General Meetings

Under the Companies Ordinance, the quorum for a general meeting must be at least two shareholders unless the articles of association of the company otherwise provided. For companies with only one shareholder, the quorum must be one shareholder. The PRC Company Law does not specify the quorum for a shareholders' general meeting

Voting

Under the Companies Ordinance, an ordinary resolution of shareholders' general meetings should be passed by more than half of the votes and a special resolution of shareholders' general meetings should be passed by no less than 75% of such votes. Under the PRC Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the general meeting.

Financial Disclosure

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' annual general meeting. In addition, a joint stock limited company of which the shares are publicly issued must publish its financial report. The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its financial statements, auditors' report and directors' report, which are to be presented before the company's annual general meeting, not less than 21 days before such meeting. The Mandatory Provisions and regulations requires that a company must, in addition to preparing financial statements according to the PRC GAAP, have its financial statements prepared and audited in accordance with international accounting standards or accounting standards of the overseas listing place, and such financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP. The lower of the after-tax profits stated in the abovementioned two kinds of financial statements shall prevail in the allocation of after-tax profits for the accounting year. The company shall publish its financial reports twice in each accounting year. An interim financial report shall be published within 60 days after the end of the first six months of each accounting year, while an annual financial report shall be published within 120 days after the end of each accounting year.

The Special Regulations require that there should not be any contradiction between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings, share register, counterfoil of company debentures, resolutions of board meetings, resolutions of the supervisory board and financial and accounting reports, which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

Receiving Agent

Under the PRC Company Law and Hong Kong law, dividends once declared become liabilities payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC laws this limitation period is three years. The Mandatory Provisions require the relevant company to appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of shares dividends declared and all other monies owed by the company in respect of its shares.

Corporate Reorganisation

Corporate reorganisation involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members under Division 2 of Part 13 of the Companies Ordinance, which requires the sanction of the court. Under the PRC laws, merger, division, dissolution or change the form of a joint stock limited company has to be approved by shareholders at the shareholders' general meeting.

Dispute Arbitration

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other hand, may be resolved through legal proceedings in the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the Hong Kong International Arbitration Centre or the China International Economic and Trade Arbitration Commission, at the claimant's choice.

Mandatory Deductions

Under the PRC Company Law, a joint stock limited company is required to contribute 10% of the profit into their statutory reserve funds upon distribution of their post-tax profits of the current year. There are no corresponding provisions under Hong Kong law.

Remedies of the Company

Under the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

The Company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC laws on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is three years.

Fiduciary Duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors and senior management should be loyal and diligent. Under the Mandatory Provisions, directors, supervisors and senior management are not permitted, without the knowledge and approval of the shareholders' general meeting, to engage in any activities which compete with the interests of the company.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the Mandatory Provisions, share transfers shall not be registered within 30 days before the date of a shareholders' general meeting or within five days before the base date set for the purpose of distribution of dividends.

Amendment to Articles of Association

A PRC issuer may not permit or cause any amendment to be made to its articles of association which would contravene the PRC Company Law, the Mandatory Provisions and the Listing Rules.

Documents available for Inspection

A PRC issuer is required to make available at a place in Hong Kong for inspection by the public and shareholders free of charge, and for copying by its shareholders at reasonable charges of the following:

- a complete duplicate register of shareholders;
- a report showing the state of our Company's issued share capital;
- our Company's latest audited financial statements and the reports of the directors, auditors and supervisors, if any, thereon;

- special resolutions;
- reports showing the number and nominal value of securities repurchased by our Company since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum amounts paid in respect of each class of securities repurchased (including a classification by class shares);
- copy of the latest annual reports with the SAIC or other competent PRC authority; and
- for shareholders only, copies of minutes of shareholders' general meetings.

Receiving Agents

Under Hong Kong law, a PRC issuer is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owed in respect of the H Shares. Such monies will be held by the receiving agents, pending payment, in trust for the holders of such H Shares.

Statements in Share Certificates

A PRC issuer is required to ensure that all of its listing documents and share certificates include the statements stipulated below and to instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to the share registrar a signed form in respect of such shares bearing statements to the following effect, that the acquirer of shares:

- agrees with the company and each shareholder, and it agrees with each shareholder, to observe and comply with the PRC Company Law, the Special Regulations and its articles of association;
- agrees with the company, each shareholder, director, supervisor, manager and other senior management and it (acting both for the company and for each director, supervisor, manager and other senior management) agrees with each shareholder to refer all differences and claims arising from the articles of association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws or administrative regulations concerning its affairs to arbitration in accordance with the articles of association. Any reference to arbitration shall be deemed to authorise the arbitration bodies to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;
- agrees with the company and each shareholder that shares are freely transferable by the holder thereof; and
- authorises the company to enter into a contract on his behalf with each director and senior management whereby such directors and senior management undertake to observe and comply with their obligations to shareholders as stipulated in the articles of association.

Legal Compliance

A PRC issuer is required to observe and comply with the PRC Company Law, the Special Regulations and its articles of association.

Contract between the PRC Issuer and Directors, Senior Management and Supervisors

A PRC issuer is required to enter into a contract in writing with every director and senior management containing at least the following provisions:

- an undertaking by the director or senior management to the company to observe and comply with the PRC Company Law, the Special Regulations, its articles of association, the Hong Kong Takeovers Code and an agreement that it must have the remedies provided in its articles of association and that neither the contract nor his office is capable of assignment;

- an undertaking by the director or senior management to the company acting as agent for each shareholder to observe and comply with every obligation to the Shareholders as stipulated in the articles of association; and

- an arbitration clause which provides that whenever any differences or claims arise from the contract, the articles of association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant law and administrative regulations concerning affairs between our Company and its directors or senior management and between a holder of H Shares and a director or senior management, such differences or claims shall be referred to arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules, at the election of the claimant and that once a claimant refers a dispute or claim to arbitration, the other party shall also submit to the arbitral body elected by the claimant. Such arbitration shall be final and conclusive. If the party seeking arbitration elects to arbitrate the dispute or claim at Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen, according to the Securities Arbitration Rules of the Hong Kong International Arbitration Centre. The arbitration of disputes or claims referred to above are applicable to PRC laws, unless otherwise provided by law or administrative regulations. The arbitral award of the arbitral body is final and shall be binding on the parties thereto. Disputes over who is a shareholder and over the share register do not have to be resolved through arbitration.

A PRC issuer is also required to enter into a contract in writing with every supervisor containing statements in substantially the same terms as the provisions above.

Subsequent Listing

A PRC issuer must not apply for the listing of its H Shares on a PRC stock exchange unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of its H Shares are adequately protected.

English Translation

All notices or other documents required under the Listing Rules to be sent by a PRC issuer to the Hong Kong Stock Exchange or to holders of the H Shares are required to be in English, or accompanied by a certified English translation.

General

If any change in the PRC laws or market practice materially alters the validity or accuracy of any basis upon which the additional requirements have been prepared, the Hong Kong Stock Exchange may impose additional requirements or make listing of H Shares by a PRC issuer subject to special conditions as the Hong Kong Stock Exchange may consider appropriate. Whether or not such changes in the PRC laws or market practice occur, the Hong Kong Stock Exchange retains its general power under the Listing Rules to impose additional requirements and make special conditions in respect of any company's listing of shares.

Other Legal And Regulatory Provisions

Upon the listing on the Hong Kong Stock Exchange, the relevant provisions of the SFO, the Hong Kong Takeovers Code and other relevant ordinances and regulations will apply to a PRC issuer.

Securities Arbitration Rules

The Securities Arbitration Rules of the Hong Kong International Arbitration Centre contain provisions allowing, upon application by any party, an arbitral tribunal may conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Hong Kong Stock Exchange so that PRC parties and witnesses may attend. Where any party applies for a hearing to take place in Shenzhen, the arbitral tribunal shall, where satisfied that such application is based on bona fide grounds, order the arbitration to take place in Shenzhen conditional upon all parties, including witnesses and the arbitrators, being permitted to enter Shenzhen for the purpose of the hearing. Where a party, other than a PRC party, or any arbitrator is not permitted to enter Shenzhen, then the arbitral tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the Securities Arbitration Rules, a PRC party means a party domiciled in the PRC other than the territories of Hong Kong, Macau and Taiwan.

Any person wishing to have detailed advice on PRC laws or the laws of any jurisdiction is recommended to seek independent legal advice.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC, certain major differences between the PRC Company Law and Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance as well as the additional regulatory provisions of the Hong Kong Stock Exchange on joint stock limited companies of the PRC. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, please refer to section entitled "Regulatory Overview" in this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "**Legislation Law**"), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of larger cities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (《中華人民共和國人民法院組織法》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organised into civil, criminal, administrative, supervision and enforcement divisions. The intermediate people's courts are organised into divisions similar to those of the primary people's courts, and are entitled to organise other courts as needed such as the intellectual property division.

The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The people's courts apply a two-tier appellate system. A party may appeal against a judgement or order of a local people's court to the people's court at the next higher level. Second judgements or orders given at the next higher level are final. First judgements or orders of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at a higher level finds an error in a judgement or an order which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgement which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**"), which was adopted in 1982 and amended in 1991, 2007, 2012 and 2017, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgement or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgement made by the court within the stipulated time, the court will, upon application by either party, enforce the judgement in accordance with the law.

A party seeking to enforce a judgement or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgement or ruling. A foreign judgement or ruling may also be recognised and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgement or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgement or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

THE PRC COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS

A joint stock limited company which is incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following three laws and regulations in the PRC:

- The PRC Company Law (《中華人民共和國公司法》) which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018 respectively and the latest revision of which was implemented on October 26, 2018;

- The Special Regulations of the State Council on Share Offering and Listing Overseas by Joint-Stock Limited Liability Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (the "**Special Regulations**") which were promulgated by the State Council on August 4, 1994 pursuant to Articles 85 and 155 of the PRC Company Law in force at that time, and were applicable, to the overseas share subscription and listing of joint stock limited companies; and

- The Mandatory Provisions of Articles of Association of Companies Listing Overseas (《到境外上市公司章程必備條款》) (the "**Mandatory Provisions**") which were issued jointly by the former Securities Commission of the State Council and the former State Economic Restructuring Commission on August 27, 1994, stating the mandatory provisions which must be incorporated into the articles of association of a joint stock limited company seeking an overseas listing. As such, the Mandatory Provisions are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled "Appendix V — Summary of the Articles of Association" in this document.

Set out below is a summary of the major provisions of the PRC Company Law, the Special Regulations and the Mandatory Provisions applicable to the Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A state-owned enterprise ("**SOE**") that is reorganised into a joint stock limited company shall comply with the conditions and requirements specified by laws and administrative regulations for the modification of its operation mechanisms, the disposal and valuation of the company's assets and liabilities and the establishment of internal management organisations.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. According to the Special Regulations, SOEs or enterprises with the majority of their assets owned by the PRC government may be restructured into joint stock limited companies which may issue shares to overseas investors in accordance with the relevant regulations. These companies, if incorporated by promotion, may have less than five promoters and may issue new shares once incorporated.

According to the Securities Law of the PRC (《中華人民共和國證券法》) (the "**PRC Securities Law**"), the total share capital of a company seeking to list its shares on a stock exchange shall be no less than RMB30 million.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting. Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business licence has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on this document to ensure that this document does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value. If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in Renminbi and subscribed for in foreign currency. Under Mandatory Provisions, shares issued by the company in RMB to domestic investors shall be called domestic shares. Shares issued by the company in foreign currency to foreign investors shall be called foreign shares. Foreign shares which are listed overseas shall be called overseas listed and foreign invested shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Specific provisions shall be specifically formulated by the China Securities Regulatory Commission (the "**CSRC**"). Under the Special Regulations, upon approval of the CSRC, a company may agree, in the underwriting agreement in respect of an issue of overseas listed and foreign invested shares, to retain not more than 15% of the aggregate number of overseas listed and foreign invested shares proposed to be issued after accounting for the number of underwritten shares.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date. There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

A company shall obtain the approval of the CSRC to offer its shares to the overseas public. Under the Special Regulations, shares issued to foreign investors by joint stock limited companies and listed overseas are known as "overseas listed and foreign invested shares." Shares issued to investors within the PRC by joint stock limited companies, which also issues overseas listed and foreign invested shares, are known as "domestic shares." Upon approval of the securities regulatory authority of the State Council, a company issuing overseas listed and foreign invested shares in total shares determined by the issuance programme may agree with underwriters in the underwriting agreement to retain not more than 15% of the aggregate number of overseas listed and foreign invested shares outside the underwritten amount. The issuance of the retained shares is deemed to be a part of this issuance.

Registered Shares

Under the PRC Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law. Pursuant to the Special Regulations, overseas listed and foreign invested shares issued shall be in registered form, denominated in Renminbi and subscribed for in a foreign currency. Domestic shares issued shall also be in registered form.

Under the PRC Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a prospectus and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant administration of industry and commerce for the registration of the reduction in registered capital.

Repurchase of Shares

According to the PRC Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares to its employees as incentives; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) where its shares are used to convert corporate bonds issued by a listed company that can be converted into stocks; or (vi) where it is necessary for a listed company to maintain its corporate value and stockholders' equity.

The purchase of shares on the grounds set out in (i) to (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. Following the purchase of shares in accordance with the foregoing, such shares shall be cancelled within 10 days from the date of purchase in the case of (i) above and transferred or cancelled within six months in the case of (ii) or (iv) above, or in the event of a purchase made pursuant to Item (iii), (v) or (vi), hold a total number of its own shares not more than 10% of the total shares issued by the company and transfer or cancel within three years of the purchase.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail. Pursuant to the Mandatory Provisions, no modifications of registration in the share register caused by transfer of shares shall be carried out within 30 days prior to convening of shareholder's general meeting or five days prior to any base date for determination of dividend distributions.

Under the PRC Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

Under the PRC Company Law and the Mandatory Provisions, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;

- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;

- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquires on the company's operations;

- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board of directors where the articles of association is violated by the above resolutions;

- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;

- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and

- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law.

Under the PRC Company Law, the shareholders' general meeting exercises the following principal powers:

- to decide on the company's operational policies and investment plans;

- to elect or remove the directors and supervisors (other than the supervisor representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;

- to examine and approve reports of the board of directors;

- to examine and approve reports of the board of supervisors;

- to examine and approve the company's proposed annual financial budget and final accounts;

- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;

- to decide on any increase or reduction of the company's registered capital;

- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the PRC Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two-thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

Under the PRC Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the PRC Company Law, notice of shareholders' general meeting shall state the time and venue and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Special Regulations and the Mandatory Provisions, shareholder's general meeting may be convened where the number of voting shares held by the shareholders present at the meeting reaches one half or more of the company's total voting shares. If this is not attained, the company shall within five days notify the shareholders again of the matters to be considered and time and venue of the meeting to shareholders in the form of public announcement. The company may convene the shareholders' general meeting after such public announcement. Pursuant to the Mandatory Provisions, modification or abrogation of rights conferred to any class of shareholders shall be passed both by special resolution of shareholders' general meeting and by class meeting convened respectively by shareholders of the affected class.

Pursuant to the Special Regulations, where the company convenes annual shareholders' general meeting, shareholders holding more than 5% of voting shares have a right to submit to the company new proposals in writing, in which the matters falling within the scope of shareholders' general meeting shall be placed in the agenda of the meeting.

Under the PRC Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the PRC Company Law and the Mandatory Provisions, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the issue of any types of shares, warrants or other similar securities; (iv) the issue of debentures; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the PRC Company Law, a joint stock limited company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Board Meetings

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

Chairman of the Board

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The PRC Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offence of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business licence revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or
- a person who is liable for a relatively large amount of debts that are overdue.

Other circumstances under which a person is disqualified from acting as a director are set out in the Mandatory Provisions.

Board of Supervisors

A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one-third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management; and
- other powers specified in the articles of association.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- to supervise the business and administration of the company and arrange for the implementation of resolutions of the board of directors;
- to arrange for the implementation of the company's annual business plans and investment proposals;
- to formulate the general administration system of the company;
- to formulate the company's detailed rules;
- to recommend the appointment and dismissal of deputy managers and person in charge of finance;

- to appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors); and

- to other powers conferred by the board of directors or the articles of association.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings.

According to the PRC Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- misappropriation of the company's capital;

- depositing the company's capital into accounts under his own name or the name of other individuals;

- loaning company funds to others or providing guarantees in favour of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;

- entering into contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting;

- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;

- accept and possess commissions paid by a third party for transactions conducted with the company;

- unauthorised divulgence of confidential business information of the company; or

- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the PRC Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make up the company's losses. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Special Regulations provide that a company shall employ an independent accounting firm complying with the relevant regulations of the State to audit its annual report and review and check other financial reports of the company. The accounting firm's term of office shall commence from their appointment at a shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn. Under the Mandatory Provisions, a company shall appoint receiving agents on behalf of holders of the overseas listed and foreign invested shares to receive on behalf of such shareholders dividends and other distributions payable in respect of their overseas listed and foreign invested shares.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the company's approval department authorised by the State Council and the CSRC. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business licence is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution. The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Special Regulations, a company shall obtain the approval of the CSRC to list its shares overseas. A company's plan to issue overseas listed and foreign invested shares and domestic shares which has been approved by the CSRC may be implemented by the board of directors of the company by way of separate issue within 15 months after approval is obtained from the CSRC.

Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate. A separate procedure regarding the loss of overseas listed and foreign invested share certificates is provided for in the Mandatory Provisions.

Suspension and Termination of Listing

The PRC Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law stipulates that the trading of shares of a company on a stock exchange may be suspended if so decided by the stock exchange under one of the following circumstances:

(i) the registered capital or shareholding distribution no longer complies with the necessary requirements for a listed company;

(ii) the company failed to make public its financial position in accordance with the requirements or there is false information in the company's financial report with the possibility of misleading investors;

(iii) the company has committed a major breach of the law;

(iv) the company has incurred losses for three consecutive years; or

(v) other circumstances as required by the listing rules of the relevant stock exchange(s).

Under the PRC Securities Law, in the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange in the case described in (i) above, or the company has refused to rectify the situation in the case described in (ii) above, or the company fails to become profitable in the next subsequent year in the case described in (iv) above, the relevant stock exchange shall have the right to terminate the listing of the shares of the company.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On 25 December 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The PRC Securities Law took effect on 1 July 1999 and was revised on 28 August 2004, 27 October 2005, 29 June 2013 and 31 August 2014, respectively. This is the first national securities law in the PRC, which is divided into 12 chapters and 240 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 238 of the PRC Securities Law provides that domestic enterprises shall obtain prior approval from the State Council's regulatory authorities to list its shares outside the PRC. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Shanghai-Hong Kong Stock Connect

On April 10, 2014, CSRC and SFC issued the Joint Announcement of China Securities Regulatory Commission and Hong Kong Securities and Futures Commission — Principles that Should be Followed when the Pilot Program that Links the Stock Markets in Shanghai and Hong Kong is Expected to be Implemented and approved in principle the launch of the pilot programme that links the stock markets in Shanghai and Hong Kong (《中國證券監督管理委員會香港證券及期貨事務監察委員會聯合公告 — 預期實行滬港股票市場交易互聯互通機制試點時將需遵循的原則》) (hereinafter referred to as "**Shanghai-Hong Kong Stock Connect**") by the Shanghai Stock Exchange (hereinafter referred to as "**SSE**"), the Hong Kong Stock Exchange, China Securities Depository and Clearing Co., Ltd. (hereinafter referred to as "**CSDCC**") and HKSCC. Shanghai-Hong Kong Stock Connect comprises the two portions of Northbound Trading Link and Southbound Trading Link. Southbound Trading Link refers to the entrustment of China securities houses by China investors to trade stocks listed on the Hong Kong Stock Exchange within a stipulated range via filing by the securities trading service company established by the SSE with the Hong Kong Stock Exchange. During the initial period of the pilot programme, the stocks of Southbound Trading Link consist of constituent stocks of the Hong Kong Stock Exchange Hang Seng Composite Large Cap Index and the Hang Seng Composite MidCap Index as well as stocks of A+H stock companies concurrently listed on the Hong Kong Stock Exchange and the SSE. The total limit of Southbound Trading Link is RMB250 billion and the daily limit is RMB10.5 billion. During the initial period of the pilot programme, it is required by SFC that China investors participating in Southbound Trading Link are only limited to institutional investors and individual investors with a securities account and capital account balance of not less than RMB500,000.

On November 10, 2014, CSRC and SFC issued a Joint Announcement, approving the official launch of Shanghai-Hong Kong Stock Connect by SSE, the Hong Kong Stock Exchange, CSDCC and HKSCC. Pursuant to the Joint Announcement, trading of stocks under Shanghai-Hong Kong Stock Connect will commence on November 17, 2014.

On September 30, 2016, CSRC issued the Filing Provision on the Placement of Shares by Hong Kong Listed Companies with Domestic Original Shareholders under Southbound Trading Link (《關於港股通下香港上市公司向境內原股東配售股份的備案規定》) which came into effect on the same day. The act of the placement of shares by Hong Kong listed companies with domestic original shareholders under Southbound Trading Link shall be filed with CSRC. Hong Kong listed companies shall file the application materials and approved documents with CSRC after obtaining approval from the Hong Kong Stock Exchange for their share placement applications. CSRC will carry out supervision based on the approved opinion and conclusion of the Hong Kong side.

According to the CSRC Pilot Program for the Deepening Reforms on Overseas Listing Systems and the "Full Liquidity" of H Shares (《中國證監會深化境外上市制度改革開展H股"全流通"試點》) issued by the CSRC on 29 December 2017 and the Reply to the Press by the CSRC Spokesperson, Chang Depeng regarding the implementation of the "Full Liquidity" Pilot Program of H Shares (《中國證監會新聞發言人常德鵬就開展H股"全流通"試點相關事宜答記者問》) issued by the CSRC on 29 December 2017 and approved by the State Council, the CSRC carried out the "Full Liquidity" Pilot Program of H-share Listed Companies, which required enterprises involved in the pilot programme to perform some procedures and meet the following four basic conditions:

(1) fulfilled the relevant legal provisions and policy requirements of foreign investment access, state-owned assets management, state security and industrial policy.

(2) their respective industries are in line with the development concept of innovative, coordinated, green, open and sharing, the development direction of the industrial policy of the state, as well as the national strategy of serving the real economy and supporting the "One Belt, One Road" construction, they also have to be high-quality enterprises.

(3) the equity structures of existing shares are relatively simple and their respective market value will be not less than HK$1 billion.

(4) the corporate governance is standard, the internal decision-making procedures are in compliance with the laws, which can practicably and adequately protect shareholders' rights of knowledge, participation and voting.

On 14 November 2019, CSRC issued the Guidance of Applying "Full Liquidity" for Domestic Unlisted Shares of H Shares Company (《H股公司境內未上市股份申請「全流通」業務指引》), and the Reply to the Press by the CSRC Spokesperson regarding the Fully Implementation of the "Full Liquidity" Reform of H Shares (《中國證監會新聞發言人就全面推開H股「全流通」改革答記者問》) issued by the CSRC on 15 November 2019, H Shares company can apply for "full liquidity" alone or together with refinance application. Unlisted corporation can apply for "full liquidity" together with IPO application. Once been approved by CSRC, shareholders of domestic unlisted shares shall change shares registration according to relevant rules of China Securities Depository and Clearing Corporation Limited, as well as relevant rules of shares registration and shares listing of HK market, and shall disclose information lawfully.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**Arbitration Law**") was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

The Mandatory Provisions require an arbitration clause to be included in the articles of association of an issuer. Matters in arbitration include any disputes or claims in relation to the issuer's affairs or as a result of any rights or obligations arising under its articles of association, the PRC Company Law or other relevant laws and administrative regulations.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, must comply with the arbitration. Disputes in respect of the definition of shareholder and disputes in relation to the issuer's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (《中國國際經濟貿易仲裁委員會》) ("**CIETAC**") in accordance with its rules or the Hong Kong International Arbitration centre ("**HKIAC**") in accordance with its Securities Arbitration Rules (the "**Securities Arbitration Rules**"). Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules. In accordance with the Arbitration Regulations of CIETAC (《中國國際經濟貿易仲裁委員會仲裁規則》) which was amended on November 4, 2014 and implemented on January 1, 2015, CIETAC shall deal with economic and trading disputes over contractual or non-contractual transactions, including disputes involving Hong Kong based on the agreement of the parties. The arbitration commission is established in Beijing and its branches and centres have been set up in Shenzhen, Shanghai, Tianjin and Chongqing.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Judicial judgement and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院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》) promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgement, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgement made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

This appendix contains the summary of the principal provisions of the Articles of Association adopted by our Company on May 7, 2019 and shall take effect on the date of the H-Shares being listed on the Hong Kong Stock Exchange. The main purpose of this appendix is to provide an overview of the Company's Articles of Association for potential investors, so it may not contain all the information that is important to potential investors.

I. SHARES AND REGISTERED CAPITAL

The Company shall issue ordinary shares at all times. With the approval from authorities authorised by the State Council, the Company may issue other classes of shares when needed.

All the shares issued by the Company shall have a nominal value, each share having a nominal value of RMB1.00.

The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have equal rights.

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; the same price shall be paid for each share subscribed by any entities or individuals.

Both holders of domestic shares and foreign shares are ordinary Shareholders and have the equal rights and obligations.

II. INCREASE, DECREASE AND REPURCHASE OF SHARES

(1) Increase of Capital

The Company may, based on its business and development needs and in accordance with the requirements of laws, regulations and Articles of Association, increase its registered capital in the following manners:

(1) by issuing new shares to public;

(2) by issuing new shares to private;

(3) by placing new shares to its existing Shareholders;

(4) by distributing bonus to its existing Shareholders;

(5) by capitalising its capital reserves;

(6) by other ways permitted by the laws, administrative regulations and pertinent regulatory authorities.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated in the relevant laws and administrative regulations and the stock listing rules of the stock exchange in which Company's shares are listed.

(2) Decrease of Capital

Our Company may reduce our registered capital according to the Articles of Association and shall be conducted by accordance with the procedures stipulated in the PRC Company Law, other relevant regulations and the Articles of Association.

In the event of reduction of registered capital, the Company shall prepare a balance sheet and a list of assets.

In the event of reduction of registered capital, the Company shall notify its creditors and publish announcements in newspapers, settling debts or offering corresponding guarantees for the settlement according to creditors' requirements pursuant to the PRC Company Law.

(3) Repurchase of Shares

The Company may, according to the requirements of the laws, administrative regulations, departmental rules, stock listing rules of the stock exchange in which Company's shares are listed and the Articles of Association, repurchase its shares under the following circumstances:

(1) cancelling shares for reducing the Company's registered capital;

(2) merging with other companies which hold shares in the Company;

(3) awarding shares for employee stock ownership plan or share incentive plan;

(4) acquiring shares held by Shareholders, who vote against any resolution proposed in any general meeting on the merger or division of the Company, upon their request;

(5) using shares for converting corporate bonds which are convertible into shares that issued by Company;

(6) for the need of protecting Company value and Shareholders' equity;

(7) other circumstances as permitted by laws, administrative regulations and regulatory authorities.

After the shares are repurchased by the Company and cancelled pursuant to the laws, the Company shall apply to the original Company registration authority for registration of the change in the registered capital and publish relevant announcements.

The amount of our registered share capital shall be reduced by the aggregate nominal value of those cancelled shares.

Unless the Company is under liquidation, it shall comply with the following provisions regarding the repurchase of its outstanding shares:

(1) where the Company repurchases its shares at nominal value, the amount thereof shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of the new issue of shares made for the repurchase of shares;

(2) where the Company repurchases its shares at a price higher than nominal value, the portion corresponding to the nominal value shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of the new issue of shares made for the repurchase of shares. The portion in excess of the nominal value shall be handled as follows:

1. if the shares repurchased were issued at nominal value, payment shall be deducted from the book balance of the distributable profits of the Company;

2. if the shares repurchased were issued at a price higher than their nominal value, payment shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of a new issue of shares made for the repurchase of shares, provided that the amount deducted from the proceeds of the new issue of shares shall not be more than the aggregate of premiums received by the Company at the time of the issue of the shares repurchased nor shall it be more than the amount of the Company's share premium account or capital common reserve account (including the premiums on the new issue of shares) at the time of such repurchase;

(3) payment by the Company for the following purposes shall be paid out of the Company's distributable profits:

1. acquisition of rights to repurchase shares of the Company;

2. modification of any agreement for repurchasing shares of the Company;

3. release the Company's obligations under any agreement for repurchasing its shares.

(4) after the aggregate nominal value of the cancelled shares has been deducted from the registered capital of the Company in accordance with the relevant requirements, the amount deducted from the distributable profits for payment for repurchasing shares at their nominal value shall be accounted for in the Company's share premium account or capital common reserve account.

(5) where the issuer has the power to repurchase redeemable share:

1. repurchases not made through the market or by tender shall be limited to a maximum price; and

2. if repurchases are made by tender, such initiations for tender shall be made to all shareholders on an equal basis.

III. TRANSFER OF SHARES

The shares of the Company held by the promoters shall not be transferred within one year after the incorporation of the Company.

The directors, supervisors and senior management of the Company shall report to the Company their shareholdings and changes thereof and shall not transfer more than 25 percent of the total number of their shares in the Company per annum during their terms of office. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

IV. FINANCIAL ASSISTANCE FOR PURCHASE OF THE COMPANY'S OR ANY OF ITS SUBSIDIARIES' SHARES

According to the requirements of Articles of Association, the Company or any of its Subsidiaries shall not, by any means and at any time, provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers of the Company's shares include persons directly or indirectly undertaking obligations due to purchase of the Company's shares.

The Company or its subsidiaries shall not, by any means and at any time, provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

In respect of the foresaid rules, "Financial assistance" includes (but not limited to) the following ways:

(1) gift;

(2) guarantee (including the undertaking of liability or provisions of property by the guarantor in order to guarantee the performance of the obligation by the obligor), indemnity (excluding, however, indemnity arising from the Company's own fault) and termination or waiver of rights;

(3) providing of a loan or signing of a contract under which the obligations of the Company are to be fulfilled prior to the fulfilment of the obligations of the other party to the contract, and a change in the party to such loan or agreement as well as the assignment of rights under such loan or contract;

(4) financial assistance provided in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a significant reduction in the Company's net assets.

The term "undertake obligations" shall include the undertaking of an obligation by the obligor by entering into a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is assumed by the obligor individually or jointly with any other person), or by changing its financial position in any other way.

The following acts shall not be prohibited:

(1) the Company provides the relevant financial assistance in the interests of the Company in good faith, and the primary purpose of the said financial assistance is not to purchase the Company's shares, or the said financial assistance is part of a master plan of the Company;

(2) the Company distributes its assets as dividends in accordance with the laws;

(3) the Company distributes dividends in the form of shares;

(4) the Company reduces its registered capital, repurchases its shares and adjusts the equity structure in accordance with the Articles of Association;

(5) the Company provides a loan for its normal business operations within its business scope (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profits of the Company);

(6) the Company provides the funding for employee stock ownership plan (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profits of the Company).

V. SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

(1) Share Certificates

The share certificates of the Company shall be in registered form.

Matters needed to be specified in Company shares shall pursuant to the PRC Company Law and to the rules of the stock exchange in which Company's shares are listed.

The share certificates shall be signed by the Chairman of the Board. Where the signatures of other senior management of the Company are required by the stock exchange where the Company's shares are listed, the share certificates shall also be signed by such other senior management. The share certificates shall become valid after the Company seal is affixed thereto or imprinted thereon. The affixing or imprinting of the Company seal to the share certificates shall be authorised by the Board. The signature of the Chairman of the Board or such other senior management of the Company on the share certificates may also be in printed form.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities, the stock exchange in the place where the Company's shares are listed shall apply.

(2) Register of Shareholders

The Company shall establish a register of shareholders and shall register therein the following particulars:

(1) the name (title), address (domicile), occupation or nature of each Shareholder;

(2) the class and number of shares held by each Shareholder;

(3) the amount paid or payable for the shares held by each Shareholder;

(4) the serial number of the share certificate held by each Shareholder;

(5) the date on which each shareholder is registered as a Shareholder;

(6) the date on which each shareholder ceases to be a Shareholder.

The shareholders' register is a sufficient evidence of the Shareholders' shareholdings in the Company unless there is evidence to the contrary.

The Company may keep overseas the register of shareholders of overseas listed foreign shares and entrust the administration thereof to an overseas agent in accordance with the understanding and agreement reached between the securities regulatory authorities of the State Council and the overseas Securities Regulatory Authorities. The original register of holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be kept in Hong Kong.

The Company shall keep at its domicile a copy of the register of shareholders of overseas listed foreign shares. The entrusted overseas agent shall always ensure that the original and copies of the register of holders of overseas listed foreign shares are consistent.

Where the original and copies of the register of shareholders of overseas listed foreign shares are inconsistent, the original shall prevail.

The Company shall keep a complete shareholders' register, which shall include the following parts:

(1) the register(s) of shareholders kept at the Company's domicile other than those specified in items (2) and (3);

(2) the register(s) of shareholders of overseas listed foreign shares kept in the place(s) of the overseas stock exchange(s) where the shares are listed;

(3) the register(s) of shareholders kept in other places as the Board may decide and consider necessary for listing purposes.

The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register of shareholders.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the laws of the places where each part is kept.

Change of the register of shareholders arising from share transfer shall not be registered within thirty days before convening of a general meeting or within five days prior to the reference date set by the Company for the purpose of distribution of dividends.

When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities requiring the recognition of shareholdings; the Board shall designate a certain date as the record date, at the end of which the shareholders in the register shall be shareholders of the Company.

If any person objects to the register of shareholders and requests to have his/her name (title) recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction to correct the register of shareholders.

If any Shareholder in the register of shareholders or any person requesting to have his/her name (title) recorded in the register of shareholders loses his/her original share certificates, the said Shareholder or person may apply to the Company to issue replacement certificates in respect of the said shares.

The Company shall not be liable for any damages suffered by any person arising from the cancellation of the original share certificates or the issuance of a new replacement share certificate, unless the claimant can prove that the Company has committed a fraudulent act.

VI. RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

(1) Shareholders

A Shareholder is a person who lawfully holds shares of the Company and has his/her name (title) recorded in the register of shareholders.

(2) Rights and Obligations of Shareholders

A Shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and amount of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Shareholders of all classes of the Company have equal rights in any distribution made by dividends or other forms.

If the Shareholder is a legal entity, the rights shall be enforced by its legal representative or a proxy of such legal representative (if the Shareholder is a recognised clearing house or its agent) or the representative or consignor of the recognised clearing house (or its agent).

The ordinary Shareholders shall enjoy the following rights:

(1) the right to receive dividends and other profit distributions in proportion to their shareholdings;

(2) the right to request, convene, preside, attend or appoint proxies to attend general meetings lawfully and to exercise the voting rights in proportion to their shareholdings;

(3) the right to supervise and manage the Company's business activities, to present proposals or to raise enquires;

(4) the right to transfer, gift or pledge shares in accordance with laws, administrative regulations and provisions of the Articles of Association;

(5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:

   1. the right to obtain a copy of the Articles of Association, subject to payment of reasonable cost;

2. the right to inspect and copy, subject to payment of a reasonable charge:

   i. the register of all the Shareholders;

   ii. personal particulars of each of the Company's Directors, Supervisors, general Manager and other senior management members, including:

      (a) present and former name and alias;

      (b) principal address (domicile);

      (c) nationality;

      (d) primary and all other part-time occupations and duties;

      (e) identification documents and the numbers thereof.

   iii. reports showing the status of the Company's issued share capital;

   iv. reports showing the aggregate nominal value, quantity, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last financial year and the aggregate amount incurred by the Company for this purpose;

   v. minutes of general meetings (only available for inspection to Shareholders);

(6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the shareholdings;

(7) other rights under laws, administrative regulations, departmental rules or the Articles of Association.

The ordinary Shareholders of the Company shall have the following obligations:

(1) to abide by the Articles of Association;

(2) to pay capital contribution for the shares subscribed for in the prescribed method of subscription;

(3) to fulfil other obligations as stipulated by laws, administrative regulations and the Articles of Association.

Shareholders shall not be liable for further contribution to share capital other than the conditions agreed to as a subscriber of the shares at the time of subscription.

VII. RESTRICTIONS ON THE CONTROLLING SHAREHOLDERS' RIGHTS

Except for the obligations required by the laws, administrative regulations or the listing rules of the stock exchanges in which the Company's shares are listed, the Controlling Shareholder shall not exercise its voting rights on the following issues to the detriment of all or part of the Shareholders:

(1) Exempting Directors and Supervisors from acting in good faith with the best interests of the Company;

(2) Approving Directors and Supervisors (for the benefit of themselves or others) to deprive the Company's property in any form, including (but not limited to) any opportunity that is beneficial to the Company;

(3) Approving Directors and Supervisors (for the benefit of themselves or others) to deprive other Shareholders' own rights, including (but not limited to) any distribution rights and voting rights, but does not include the reorganisation of the Company approved by the shareholders' general meeting in accordance with the Company's Articles of Association.

VIII. SHAREHOLDERS' GENERAL MEETING

(1) General rules for the Shareholders' General Meeting

The general meeting is the authority of power of the Company, and shall exercise the following duties and powers in accordance with the law:

(1) to decide the Company's operational policies and investment plans;

(2) to elect and change the Directors and Supervisors who are not representatives of the employees and decide on the remunerations of Directors and Supervisors;

(3) to examine and approve reports of the Board of Directors;

(4) to examine and approve reports of the Supervisory Committee;

(5) to examine and approve the proposed annual financial budgets, final accounts of the Company;

(6) to examine and approve the profit distribution plans and loss recovery plans of the Company;

(7) to make resolutions on the increase or reduction of the registered capital of the Company;

(8) to make resolutions on the issuance of corporate bonds;

(9) to make resolutions on the merger, division, dissolution, liquidation or change in the form of the Company;

(10) to amend the Articles of Association;

(11) to examine the proposals by the Shareholders severally or jointly holding three percent or more of the voting shares of the Company;

(12) to make resolutions on the engagement, renewal, or discontinuance of engagement of accounting firms by the Company;

(13) to examine the matters relating to the purchases and disposals of the Company's material assets or the provisions of guarantees within one year with an amount exceeding or equal to 25 percent of the Company's latest audited total assets;

(14) to examine other matters required to be resolved at the general meeting pursuant to laws, administrative regulations, departmental rules and provisions of the Articles of Association;

(15) other matters required by the listing rules of the stock exchange where the Company's shares are listed.

The Company shall not enter into contracts with a party (other than a Director, Supervisor, the General Manager and other senior management members) in relation to handover of the administration of all business or the important business of the Company to that party without the pre-approval of the general meeting.

The general meetings consist of annual general meetings and extraordinary general meetings. The general meetings shall be convened by the Board of Directors. The annual general meeting shall hold once every year within six months from the end of the previous accounting year.

The extraordinary general meeting shall be convened as and when necessary. In the occurrence of any of the following events, the Board of Directors shall convene an extraordinary general meeting within two months:

(1) when the number of directors is less than the number stipulated in the PRC Company Law or two-thirds of the number specified in the Articles of Association;

(2) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;

(3) when Shareholder(s) individually or jointly holding 10 percent or more of the Company's issued shares request(s) in writing to convene an extraordinary general meeting;

(4) when deemed necessary by the Board or when proposed by the Supervisory Committee;

(5) when proposed by two or more independent non-executive directors;

(6) any other circumstances stipulated by laws, administrative regulations, departmental regulations, the listing rules of the stock exchange where the Company's shares are listed or the Articles of Association.

The number of shares held referred to in item (3) of this Article shall be calculated on the date when the shareholders put forward a written request.

(2) Proposals of the Shareholders' General Meeting

When a general meeting is convened by the Company, Shareholders who individually or jointly hold three percent or more of the shares of the Company carrying voting right, shall be entitled to make proposals in writing to the Company and the convener ten days before the convening of the general meeting. The content of the proposal shall fall within the scope of duties and powers of the general meeting of shareholders, with clear issues and specific resolutions, and comply with the relevant provisions of laws and regulations and the Company's Articles of Association. The Company shall make the matters within the scope of duties and powers of the general meeting listed in the agenda of this meeting and submit the matters to the general meeting for consideration.

Except as stipulated in the above paragraph, the convener, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

(3) Notices of the Shareholders' General Meeting

Notice of a general meeting shall satisfy the following requirements:

(1) be in writing;

(2) specific venue, date and time of the meeting;

(3) matters to be considered at the meeting;

(4) any information and explanations necessary to be made available to the Shareholders for such Shareholders to make sound decisions about the matters to be discussed. This principle includes (but not limited to) the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the reasons and effects when the Company proposes mergers, repurchase of shares, equity restructuring or other restructuring;

(5) in the event that any of the Directors, Supervisors, General Manager and other senior management has material interests in matters to be discussed, the nature and extent of the interests shall be disclosed. If the matters to be discussed affect any Director, Supervisor, General Manager and other senior management as a Shareholder in a manner different from the manner they affect other Shareholders of the same class, the difference shall be explained;

(6) the full text of any special resolution to be proposed for approval at the meeting;

(7) a prominent statement that all Shareholders are eligible for attending the general meeting and are entitled to appoint one or more proxies to attend and vote at such meeting on his/her behalf, and that such proxy does not need to be a Shareholders of the Company;

(8) the time and venue for lodging a proxy form for the meeting;

In order to hold an Shareholders' annual general meetings, notice in writing shall be given to all Shareholders registered 20 days in advance/15 days in advance in case of extraordinary Shareholders' general meetings, the matters to be discussed and the venue, date of the meeting shall be included in that notice. Shareholders who intend to attend the general meeting shall send a written reply to the Company 10 days prior to the meeting. For the notice given in this rules, the date of issue is the date on which the Company or the Company's share registration office has served the notice to the postal service.

The notice of the shareholders' general meeting issued to the Shareholders of foreign listed shares may be published on the designated website of the stock exchange where the Company's shares are listed and the website of the Company. Once announced, all foreign listed Shareholders shall be deemed to have received the relevant notice of the general meeting.

Except as stipulated in the Articles of Association, the notice of the general meeting shall be served on the Shareholders (whether or not such Shareholder is entitled to vote at the general meeting) by hand or postage prepaid mail. The address of the recipient shall be the registered address as shown in the register of shareholders. For holders of Domestic Shares, the notice of the general meeting may also be given by way of announcement. The announcement referred above shall be published in one or more newspapers designated by the Securities Regulatory Authorities of the State Council 20 days prior to the convening of Shareholders' annual general meetings, 15 days prior to the convening of extraordinary Shareholders' general meetings. Once such an announcement is made, all holders of the Domestic Shares shall be deemed to have received the relevant notice of the general meeting.

(4) Convening of Shareholders' General Meeting

Any Shareholder entitled to attend and vote at the general meeting shall have the right to appoint one or several persons (who may not be Shareholders) to act as his or her proxy to attend and vote at the meeting on his or her behalf. The proxy(ies) so appointed by the Shareholder(s) may, pursuant to the instructions of the Shareholder(s), exercise the following rights:

(1) the Shareholders' right to speak at the general meeting;

(2) the right to demand a poll by himself/herself or jointly with others;

(3) the right to exercise voting rights by a show of hands or by a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by a poll.

The appointment of a proxy shall be in writing and signed by the appointing Shareholder or his/her attorney duly authorised in writing; where the appointing Shareholder is a legal person, such appointment shall be affixed with its seal or signed by its Director or attorney duly authorised.

The proxy statement shall be placed in the Company's domicile or in other places designated by the meeting notice at least 24 hours prior to the relevant meeting in which the power of vote is entrusted, or 24 hours prior to the designated voting time.

The general meeting shall be convened by the Chairman of the Board, who shall also act as the chairman of the meeting. If the Chairman is unable to attend the meeting, the Board may appoint a Director to convene and act as the chairman of the meeting on his/her behalf. In the event that no chairman is appointed, the attending Shareholders shall elect one person to act as the chairman of the meeting; if, for any reason, the Shareholders fail to elect a chairman of the general meeting, the Shareholder (including his/her proxy) holding the largest number of voting shares among the attending Shareholders shall be the chairman of the general meeting.

(5) Resolutions of Shareholders' General Meetings

Resolutions of the general meeting include ordinary resolutions and special resolutions.

Ordinary resolution at a general meeting shall be adopted by more than one half of the voting rights held by Shareholders (including their proxies) attending the general meeting.

Special resolution at a general meeting shall be adopted by two-thirds or more of the voting rights held by Shareholders (including their proxies) attending the general meeting.

The following matters shall be resolved by way of ordinary resolutions at a general meeting:

(1) work reports of the Board and the Supervisory Committee;

(2) profit distribution plan and loss recovery plan formulated by the Board;

(3) appointment and dismissal of the members of the Board and Supervisory Committee, and remuneration and payment methods thereof (except for employee representative Directors and Supervisors);

(4) annual financial budget report, final accounts report, balance sheets, income statements and other financial statements of the Company;

(5) decide to engagement, renewal, or discontinuance of engagement of accounting firms by the Company;

(6) the purchases and disposals of the Company's material assets or the provisions of guarantees within one year with an amount exceeding or equal to 25 percent of the Company's latest audited total assets, if over 30 percent, the relevant provisions of the PRC Company Law shall also be complied with;

(7) matters other than those requiring approval by special resolutions in accordance with laws, administrative regulations or the Articles of Association;

(8) matters other than those requiring approval by ordinary resolutions in accordance with the listing rules of the stock exchange where the Company's shares are listed.

The following matters shall be resolved by way of special resolutions at a general meeting:

(1) increase or reduction of registered capital of the Company;

(2) issuance of corporate bonds;

(3) division, merger, dissolution and liquidation of the Company;

(4) change in the form of the Company;

(5) amendments to the Articles of Association;

(6) other matters stipulated by laws, administrative regulations or the Company's Articles of Association, and the general meeting of shareholders adopting ordinary resolutions that are considered to have a significant impact on the Company, requiring approval by special resolutions;

(7) matters other than those requiring approval by special resolutions in accordance with the listing rules of the stock exchange where the Company's shares are listed.

Shareholders (including their proxies) who vote at a general meeting shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share. However, shares in the Company which are held by the Company do not carry any voting rights and shall not be counted in the total number of voting shares represented by Shareholders present at a general meeting.

Voting at general meetings shall be conducted by a show of hands, only when the chairman of the meeting make the decision on the principle of good faith, and on purely procedural or administrative matters. Other matters shall be voted by way of polls.

When voting by a show of hands, the chairman of the meeting shall announce the result of voting by a show of hands on proposals, and shall record the result in the minutes as final evidence, without specifying the number or percentage of in favour of or against the resolutions approved at the meeting.

The demand for a poll can be withdrawn by the proposer.

If the matter required to be voted by way of a poll relates to election of chairman or adjournment of meeting, a poll shall be conducted immediately; in respect of other matters required to be voted by way of a poll, the chairman may decide the time of a poll, and the meeting may proceed to consider other matters. The voting results shall still be deemed as resolutions passed at the said meeting.

When voting by a poll, Shareholders (including their proxies) entitled to two or more votes need not cast all their votes for or against in the same way.

When the number of votes against and in favour are equal, the chairman of the meeting shall be entitled to an additional vote.

(6) Special Procedures for Voting of Class Shareholders

Shareholders holding different classes of shares shall be class Shareholders.

Class Shareholders shall enjoy the rights and assume the obligations in accordance with laws, administrative regulations, and the Articles of Association.

The Company shall not proceed to change or abrogate the rights of class Shareholders unless such proposed change or abrogation has been approved by way of a special resolution at a general meeting and by a separate shareholder meeting convened by the class Shareholders so affected in accordance with the Articles of Association.

Except as stipulated by laws, administrative regulations or the Company's Articles of Association, the following circumstances shall be deemed as change or abrogation of the rights of a certain class shareholder:

(1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class' voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;

(2) to change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;

(3) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of the said class;

(4) to reduce or cancel rights attached to the shares of the said class to preferentially receive dividends or to receive distributions of assets in a liquidation of the Company;

(5) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of the said class;

(6) to cancel or reduce rights to receive Company payables in a particular currency attached to the shares of the said class;

(7) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of the said class;

(8) to restrict the transfer or ownership of the shares of the said class or to impose additional restrictions;

(9) to issue rights to subscribe for, or to convert into, shares of the said class or another class;

(10) to increase the rights and privileges of the shares of another class;

(11) to restructure the Company in such a way to cause Shareholders of different classes to undertake liabilities disproportionately during the restructuring;

(12) to amend or cancel provisions in this chapter.

Shareholders of the affected class, whether or not with the rights to vote at general meetings originally, shall have the right to vote at shareholders' class meetings in respect of matters referred to in items (2) to (8) and (11) to (12) above, except that interested shareholders shall not vote at such shareholders' class meetings.

The term “interested shareholders” in the preceding paragraph shall mean:

(1) in case of a buy-back of shares by the Company by way of a general offer to all Shareholders in equal proportion or by way of open market transactions on a stock exchange where our shares are listed in accordance with the Articles of Association, the controlling shareholders as defined in the Articles of Association shall be the “interested shareholders”;

(2) in case of a buy-back of shares by the Company by an off market agreement outside the stock exchange where our shares are listed in accordance with the Articles of Association, holders of shares in relation to such agreement shall be the “interested shareholders”;

(3) in case of a proposed restructuring of the Company, Shareholders who assume a relatively lower proportion of obligation than the obligations imposed on the other Shareholders of that class or who have an interest in the proposed restructuring that is different from the general interests in such proposed restructuring of the other Shareholders of that class shall be the “interested shareholders”.

Resolution of a shareholders’ class meeting shall be passed only by two-thirds or more of the total voting rights being held by the Shareholders of that class, who are entitled to do so, present and vote at the shareholders’ class meeting in accordance with the Articles of Association.

The notice of a shareholders’ class meeting shall be sent to the Shareholders entitled to vote at such meeting only.

The procedure of a shareholders’ class meeting shall, to the extent possible, be identical with the procedure of a general meeting. Provisions of the Articles of Association relevant to procedure for the holding of a general meeting shall be applicable to a shareholders’ class meeting.

Except for other classes of Shareholders, domestic shareholders and foreign shareholders of listed shares are treated as different classes of shareholders. In the following circumstances, the special procedures for voting by class shareholders shall not apply:

(1) with the approval by a special resolution at the general meeting, the Company issues domestic shares or overseas listed foreign shares alone or at the same time at each interval of 12 months and the number of the proposed Domestic Shares and overseas listed foreign shares does not exceed 20 percent of the respective outstanding shares of such class;

(2) the Company has made the plans to issue domestic shares or overseas listed foreign shares at the time of incorporation and the implementation of such plan has been completed within 15 months from the date of approval by the securities regulatory authorities of the State Council;

(3) with the approval of the securities regulatory authorities of the State Council, the domestic shareholder of the Company transfers all or part of the shares held by it to overseas investors and is listed on the overseas stock exchanges or the Company converts all or part of the already issued but unlisted shares into overseas listed shares.

IX. DIRECTORS AND BOARD OF DIRECTORS

(1) Directors

The directors of non-employee representatives shall be elected or replaced at the general meeting for a term of three years. A Director may serve consecutive terms if re-elected upon the expiry of his/her term. Under the premise of complying with the relevant laws and administrative regulations, the general meeting may, in the ordinary resolution, remove any director whose term of office has not expired (but the damage claims of the director based on any contract is not affected by this rule).

The term of office of the directors shall be counted from the date of appointment until the expiration of the term of the current Board of Directors. When the directors' term expires and re-election not be held in time, the original directors shall still perform their duties as directors in accordance with laws, administrative regulations, departmental rules and the Company's Articles of Association before the re-elected directors take office.

A Director is not required to hold any share in our Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

(2) Board of Directors

The Company shall have a Board of directors which consists of 7 to 9 directors, and independent non-executive directors shall not be less than three, which shall account for more than one-third of the total number of board members. The Board of Directors has one chairman.

The Board of Directors shall be accountable to the general meeting and exercise the following powers and duties:

(1) to convene a general meeting and submit a work report to such meeting;

(2) to implement the resolutions of a general meeting;

(3) to decide on the operation plan and investment scheme of the Company;

(4) to prepare the draft annual budget and final accounts of the Company;

(5) to prepare the profit distribution plan and loss recovery plan of the Company;

(6) to prepare the plan for the Company to increase or reduce its registered capital, issuance of bonds or other securities and listing plans;

(7) to prepare plans for major assets acquisition and disposal, repurchase of the shares of the Company or the merger, divisions, dissolution and changes of the form of the Company;

(8) to decide on the establishment of the internal management organisations of the Company;

(9) to appoint or remove the General Manager and Secretary of the Board pursuant to the nominations of the Chairman; to appoint or remove senior management members, such as vice general manager and chief financial officer of the Company pursuant to the nominations of the General Manager;

(10) to decide on the remuneration of the foresaid senior management members;

(11) to establish a basic management system of the Company;

(12) to prepare plans to amend the Articles of Association;

(13) to make the proposal of engaging or replacing an accounting firm to the general meeting;

(14) hear the work report of the General Manager and other senior management personnel of the Company and check the work of the said members;

(15) to decide the Company's external investment within the scope conferred by general meetings;

(16) any external guarantees;

(17) to approve the matters in relation to investment, acquisition or disposal of assets, financing and connected transactions as required by the listing rules of the stock exchange where our shares are listed;

(18) to decide on other major matters of the Company except for those as required by the PRC Company Law and the provisions of the Articles of Association to be passed by resolutions at the general meetings;

(19) to exercise other powers and duties conferred by relevant laws, administrative regulations, the listing rules of the stock exchange where our shares are listed, the Articles of Association or the general meetings.

Resolutions relating to the above, with the exception of items (6), (7) and (12) which shall be approved by not less than two-thirds of the Directors, shall be approved by not less than half of the Directors.

The board meeting can be held only when there are more than one half of the directors (including entrusted directors) attending the meeting.

Each director enjoys only one voting right. The resolution of the Board of Directors shall be passed by more than a half of all directors, except as otherwise stipulated by laws, administrative regulations and Articles of Association. When the number of votes against and in favour are equal, the chairman of the Board of Directors shall be entitled to an additional vote.

When a director has a material interest in a resolution of a board meeting, has a related relationship with the company involved, or has other circumstances that specified by laws and regulations, he may not exercise voting rights on the resolution or act as an agent for other directors to exercise voting rights. The above directors shall not be counted in the quorum of the relevant board meeting. The board meeting can be held by more than a half of the unrelated directors. The resolutions of the board meeting shall be passed by more than a half of the unrelated directors. If the number of unrelated directors attending is less than three, the matter shall be submitted to the general meeting for consideration.

X. SECRETARY OF THE BOARD

The Company has one secretary of the Board, which is considered as the senior management of the Company. The secretary of the Board shall be a natural person with necessary professional knowledge and experience, nominated by the chairman of the Board of Directors, appointed or dismissed by the Board of Directors.

The accountant of the accounting firm engaged by the Company and the management personnel of the controlling shareholder shall not concurrently serve as the secretary of the Board of the Company.

XI. GENERAL MANAGER

The Company has one general manager, which is nominated by the chairman of the Board of Directors, appointed or removed by the Board of Directors. The Company has a number of deputy general managers, who are nominated by the general manager and appointed or dismissed by the Board of Directors. Directors may concurrently serve as general manager, deputy general manager or other senior management.

The general manager of the Company is accountable to the Board of Directors and shall exercise the following powers and duties:

(1) being in charge of managing the Company's production and operation, and report work to the Board of Directors;

(2) organising the implementation of resolutions of the Board of Directors, annual operating plans and investment programmes of the Company;

(3) making annual budget scheme and final accounts scheme of the Company, and make recommendations to the Board of Directors;

(4) making basic management system and inner management organisation establish plan;

(5) formulating detailed rules of the Company;

(6) recommending to the Board of Directors for appointment or removal of the deputy general managers and chief financial officer and other senior management in accordance with the Articles of Association and internal control system of the Company;

(7) deciding to appoint or remove officers of the Company other than those to be appointed or removed by the Board of Directors in accordance with the Articles of Association and internal control system of the Company;

(8) drafting employee's wages, benefits, rewards and punishment;

(9) other powers and duties prescribed by the Articles of Association and delegated by the Board of Directors;

XII. SUPERVISORY COMMITTEE

Our Company shall establish a Supervisory Committee.

The Supervisory Committee consists of three members and one of them should be the chairman. The term of office of a Supervisor is three years and the Supervisors can be re-elected and re-appointed.

The Supervisory Committee shall be composed of the Shareholders' representative(s) and representative(s) of the workers of the Company in an appropriate ratio. In particular, the ratio of the employee representative Supervisor(s) shall no less than one-third. The employee representative Supervisor(s) shall be elected by the staff and workers congress, the representative staff and workers congress or other forms of democratic election.

The Supervisory Committee shall be accountable to the general meeting, and exercise the following duties and powers:

(1) to supervise the performance of Directors, General manager and senior management members if they violate laws, administrative regulations or the Articles of Association in fulfilling their duties to the Company, and propose dismissal of Directors and senior management members that have violated laws, administrative regulations, the Articles of Association or resolutions of the general meeting;

(2) to demand rectification by Directors and senior management members of the Company when the acts of such persons are prejudicial to the Company's interest;

(3) to review the financial position of the Company;

(4) to review financial information such as financial reports, business reports, and profit distribution plans as proposed by the Board to the general meetings, and to engage certified public accountants and practising auditors to assist with further examination in the name of the Company if there are any queries;

(5) to propose the convening of an extraordinary general meeting, and to convene and preside over the general meeting when the Board fails to perform such duties;

(6) to put forward proposals to general meetings;

(7) to negotiate with Directors on behalf of the Company or initiate litigations against Directors;

(8) to propose the convening of extraordinary general meetings of the Board of Directors;

(9) to initiate litigations against Directors and senior management members pursuant to Article 151 of the PRC Company Law:

(10) other duties and powers conferred by laws, administrative regulations and the Articles of Association.

Supervisors may present at meetings of the Board of Directors.

XIII. BORROWING POWER

The Articles of Association do not contain any specific provision regarding the manner in which the Directors may exercise the right to borrow money or the manner in which such a right is given provided that the Board of Directors shall be entitled to develop proposals for our Company to issue bonds and to list its Shares, and that such bond issues must be approved by the Shareholders by a special resolution at the general Shareholders' meeting.

XIV. FINANCE AND ACCOUNTING SYSTEM

The Company shall establish its financial and accounting system in accordance with relevant laws and administrative regulations, and PRC accounting standards formulated by the competent financial authorities under the State Council.

The Company shall adopt RMB as its functional currency.

The Company shall prepare a financial report at the end of each financial year, and such financial report shall be audited in compliance with laws.

Any financial report shall be prepared in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or those of the place outside the PRC where the Company's shares are listed. If there are significant discrepancies in the above two standards financial reports, the notes shall be added in the financial report that in accordance with either international accounting standards or those of the place outside the PRC where the Company's shares are listed.

The financial report of the Company shall be kept at the Company and shall be made available to the Shareholders twenty days before the annual general meeting is held. Each Shareholder shall have the right to obtain the financial report mentioned in this chapter.

The Company shall send the report mentioned above to each holder of overseas listed foreign shares by hand or prepaid mail at least twenty-one days before the convening of the annual general meeting of shareholders. The address of the recipient shall be the registered address as shown on the register of shareholders. Under the premise of complying with the relevant laws, administrative regulations, departmental regulations, the relevant rules of the securities regulatory authorities where the Company's shares are listed, the Company may adopt announcement (including make announcement on the Company's website).

The Company shall publish two financial reports in each financial year; the interim financial report shall be published within sixty days after the end of the first six months of a financial year; the annual financial report shall be published within one hundred and twenty days after the end of the financial year. If provisions otherwise provided by the listing rules of the stock exchange in the place where the Company's shares are listed, theses provisions shall apply.

XV. PROFIT DISTRIBUTION

The Company shall, when distributing its after-tax profits of the year, withdraw ten percent of the profits into the Company's statutory reserve fund. The Company may not withdraw a statutory reserve fund if the cumulative amount has reached fifty percent or more of the Company's registered capital.

If the Company's statutory reserve fund could not cover the losses of the preceding year, profit of the year shall be used to cover the losses before withdrawing, according to the foregoing provision, the statutory reserve fund.

After the Company has withdrawn the statutory reserve fund from the after-tax profits, the Company may also withdraw discretionary statutory reserve fund from the after-tax profits upon the approval of the general meeting.

After losses have been covered and the statutory reserve fund has been allocated, any remaining after-tax profits shall be the profits available to Shareholders, which shall be distributed to the Shareholders in proportion to their shareholdings according to resolutions of the general meeting.

Where the general meeting distributes profits to Shareholders before losses have been covered and the statutory reserve fund has been allocated, which is in violation of the foregoing provision, the Shareholders concerned shall refund to the Company the profits distributed in violation of the foregoing provision.

The shares of the Company held by the Company shall not be subject to profit distribution.

The Company shall appoint collection agents in Hong Kong for holders of overseas listed foreign shares. The collection agents shall, on behalf of the related Shareholders, collect and safekeeping distributed dividends and other payables by the Company for the overseas listed foreign shares so as to make a payment for related Shareholders.

The collection agents appointed by the Company shall be in compliance with the requirements of the laws or the rules of local stock exchange at the place where the shares of the Company are listed.

The collection agents appointed by the Company for holders of overseas listed foreign shares, shall be trust companies registered pursuant to Hong Kong Trustee Ordinance.

As for unclaimed dividends, in compliance with the laws, regulations of PRC, the Company may exercise the right of confiscation, but it shall not be exercised until the expiry of the six-year period after the date of the dividend announcement.

The Company may exercise the power to cease sending dividend warrants to holders of overseas listed foreign shares by post if such warrants have been left uncashed for two consecutive times. Nevertheless, the Company may exercise such power after the first occasion on which such undelivered warrants are returned.

The Company may sell the shares held by a holder of overseas listed foreign shares who is untraceable in such ways as the Board of Directors thinks fit, provided that the following conditions shall be complied with:

(1) at least three dividends have been distributed in respect of such shares during the period of twelve years, and no dividend has been claimed by the Shareholder during that period; and

(2) upon the expiry of the 12 years period, the Company shall make announcement in one or more newspapers at the place where the shares of the Company are listed stating the Company's intention to sell the shares, and notify the Stock Exchange where the shares of the Company are listed of such intention.

XVI. DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved and liquidated according to laws in any of the following circumstances:

(1) the special resolution of general meeting has resolved to dissolve the Company;

(2) merger or division of the Company requires a dissolution;

(3) the business licence is revoked in accordance with the law, or the Company is ordered to close or is cancelled;

(4) be ordered to close down in violation of laws and administrative regulations;

(5) if the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the Shareholders, and no solution can be found through any other means, the Shareholders holding ten percent or more of the total voting rights of the Company may request the People's Court to dissolve the Company;

(6) the Company is declared bankrupt in accordance with the law because it is unable to pay its debts as they fall due;

(7) the term of its operations specified in the Articles of Association has expired and other circumstance for dissolution specified in the Articles of Association has occurred.

Where the Company is dissolved under the circumstances set out in items (1), (3), (5) and (7), the Company shall establish a liquidation committee to start liquidation within fifteen days from the date the cause of dissolution occurred. The composition of the liquidation committee shall be determined by ordinary resolution at the general meeting. If a liquidation group fails to be established within the limited time for liquidation, the creditor may apply to the People's Court for appointing relevant personnel to form a liquidation group for liquidation.

Where the Board resolves to liquidate the Company for any reason other than bankruptcy, the Board shall include a statement in its notice convening a general meeting to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company shall be able to pay its debts in full within twelve months from the commencement of the liquidation.

The Board shall lose its powers immediately after the resolution for liquidation is passed at the general meeting.

The liquidation committee shall act in accordance with instructions of the general meeting and make a report at least once every year to the general meeting on the committee's income and expenses, the business of the Company and the progress of the liquidation; and present a final report to the general meeting upon completion of the liquidation.

The liquidation committee shall notify all creditors within ten days after its establishment and shall publish announcements in newspapers within sixty days. The creditors shall declare their rights to the liquidation committee within thirty days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.

When submitting their claims, creditors shall explain matters relating to their rights and provide evidential documents. The liquidation committee shall register the creditor's rights. During the period of declaration of claims, the liquidation committee shall not liquidate the creditors.

During the liquidation period, the Company shall not commence any new business activity.

After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the People's Court to declare the Company bankrupt.

Following a ruling by the People's Court that the Company is declared bankrupt, the liquidation committee shall hand over all matters relating to the liquidation to the People's Court.

After completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, a statement of revenue and expenditure and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in China, submit the same to the general meeting or the People's Court. Within thirty days from the date of confirmation of the aforementioned documents by the general meeting or the People's Court, the liquidation committee shall deliver the same to the Company registration authority, apply for cancellation of the Company's registration and publicly announce the Company's dissolution.

XVII. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company may amend the Articles of Association pursuant to laws, administrative regulations, and the Articles of Association.

The amendment of the Company's Articles of Association shall take effect on the date when it passed by the special resolution of the general meeting; If such amendments involve any registered particulars of the Company, application shall be made for change of registration in accordance with laws.

1. FURTHER INFORMATION ABOUT OUR GROUP

(A) Incorporation

Our Company was established as a limited liability company in the PRC with a registered capital of RMB3 million on 26 June 1996. The registered office and headquarters of our Company in the PRC is Rooms 201-208, 688 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou, Guangdong, the PRC (中國廣東省廣州市海珠區閱江中路688號201-208房).

Our Company has established a place of business in Hong Kong at 40/F, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong, and has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 14 October 2019. Mr. Lau Kwok Yin has been appointed as the authorised representative of our Company under the Companies Ordinance for the acceptance of service of process on behalf of our Company in Hong Kong. His address for acceptance of service of process is 40/F, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong.

As we are incorporated in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of PRC laws and principal regulatory provisions is set out in Appendix IV to this prospectus. A summary of our Articles of Association is set out in Appendix V to this prospectus.

(B) Changes in the registered capital of our Company

As at the date of establishment of our Company, the initial registered capital was RMB3 million, all of which was fully paid up.

Save as disclosed below, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this prospectus.

On 10 May 2019, the registered capital of our Company was increased from RMB100,000,000 to RMB400,000,000 by capitalisation of capital reserves of RMB80,000,000 and undistributed profit of RMB220,000,000 in proportion of the then shareholdings of our then Shareholders. Upon completion of the capital increase, the total registered shares of our Company increased from 100,000,000 Domestic Shares to 400,000,000 Domestic Shares; and our Company was directly owned as to 95% and 5% by Poly Developments and Holdings and Xizang Yingyue, respectively.

Immediately after the Global Offering (assuming the Over-allotment Option is not exercised), the registered capital of our Company will be RMB533,333,400 divided into 533,333,400 Shares, consisting of 400,000,000 Domestic Shares and 133,333,400 H Shares, which represent approximately 75% and 25% of the total issued share capital of our Company, respectively.

(C) Changes in the registered capital of our subsidiaries

The list of our subsidiaries is referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed below, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

On 23 August 2017, the registered capital of Hunan Poly Tianchuang was increased from RMB21,000,000 to RMB31,000,000.

On 20 May 2019, the registered capital of Poly Property Management (Beijing) Co., Ltd. (保利物業管理(北京)有限公司) was increased from RMB5,000,000 to RMB20,000,000.

On 11 September 2019, the registered capital of Poly (Shanghai) Urban Development Service Co., Ltd. (保利(上海)城市建設服務有限公司) was increased from RMB1,000,000 to RMB100,000,000.

(D) Restriction of share repurchase

For details of share repurchase by our Company, please refer to the section headed "Summary of the Articles of Association" in Appendix V to this prospectus.

(E) Resolutions passed at our Shareholders' meeting on 7 May 2019

At our Shareholders' meetings held on 7 May 2019, among other things, the following resolutions were passed by the Shareholders:

(a) approving the issue of the H Shares by our Company and the Listing, whereby the number of H Shares to be issued shall not be less than 15% of total issued shares immediately upon Global Offering (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option) and subsequent listing of such H Shares on the Hong Kong Stock Exchange;

(b) the granting of the Over-allotment Option in respect of no more than 15% of the number of the H Shares issued as above-stated;

(c) subject to the completion of the Global Offering, the adoption of the Articles of Association which shall become effective on the Listing Date and the authorization to our Board and authorised person by the Board to amend the Articles of Association in accordance with the relevant laws and regulations and the requirements by the relevant government authorities; and

(d) authorising our Board and authorised person by the Board to handle all other matters relating to, among other things, the issue of the H Shares and the Listing.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

(A) Summary of our material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this prospectus which are or may be material to our business and a copy of each has been delivered to the Hong Kong Registrar of Companies for registration:

(a) the Deed of Indemnity;

(b) the Non-competition Undertakings;

(c) the cornerstone investment agreement dated 29 November 2019 entered into among our Company, GIC Private Limited, the Joint Sponsors and UBS AG Hong Kong Branch;

(d) the cornerstone investment agreement dated 29 November 2019 entered into among our Company, Gaoling Fund, L.P., YHG Investment, L.P., the Joint Sponsors and GF Securities (Hong Kong) Brokerage Limited;

(e) the cornerstone investment agreement dated 29 November 2019 entered into among our Company, China Structural Reform Fund Co., Ltd (中國國有企業結構調整基金股份有限公司), the Joint Sponsors and ABCI Securities Company Limited;

(f) the cornerstone investment agreement dated 29 November 2019 entered into among our Company, CCCC International Holding Limited and the Joint Sponsors; and

(g) the Hong Kong Underwriting Agreement.

(B) Our intellectual property rights

(a) Trademarks

As at 30 June 2019, our Group is the owner of the following trademarks in the PRC, which are material to the business of our Group:

No.	Trademark	Class(es)	Trademark No.	Expiry Date	Place of Registration	Registered owner
1.		36	23512402	27 June 2028	PRC	Our Company
2.		37	9972976	27 January 2023	PRC	Our Company
3.		36	18197995	6 December 2026	PRC	Hunan Poly Tianchuang

As at the Latest Practicable Date, our Group is the owner of the following trademarks in Hong Kong, which are material to the business of our Group:

1.		36	304949209	4 June 2029	Hong Kong	Our Company
2.		37	304949182	4 June 2029	Hong Kong	Our Company
3.		43	304949173	4 June 2029	Hong Kong	Our Company
4.		45	304949164	4 June 2029	Hong Kong	Our Company

As at the Latest Practicable Date, pursuant to the trademark licencing agreements entered into with Poly Developments and Holdings, we are entitled to use the following trademarks. For details of these trademark licencing agreements, please refer to the section headed "Connected Transactions" in this prospectus.

No.	Trademark	Class(es)	Trademark No.	Expiry Date	Place of Registration	Registered owner
1.	保利物业	36	10017412	27 November 2022	PRC	Poly Developments and Holdings
2.	保利物业	37	10018517	27 November 2022	PRC	Poly Developments and Holdings

No.	Trademark	Class(es)	Trademark No.	Expiry Date	Place of Registration	Registered owner
3.	保利	37	3475707	20 May 2025	PRC	Poly Developments and Holdings

As at 30 June 2019, we have applied for the registration of the following trademarks in the PRC:

No.	Trademark	Class(es)	Application No.	Application Date	Applicant
1.	保利星云企服	35	37747682	24 April 2019	Our Company
2.	保利星云企服	36	37765110	24 April 2019	Our Company
3.	保利星云企服	37	37764448	24 April 2019	Our Company
4.	保利星云企服	39	37751575	24 April 2019	Our Company
5.	保利星云企服	41	37764334	24 April 2019	Our Company
6.	保利星云企服	42	37744779	24 April 2019	Our Company
7.	保利星云企服	43	37767350	24 April 2019	Our Company
8.	保利星云企服	44	37759154	24 April 2019	Our Company
9.	保利星云企服	45	37766254	24 April 2019	Our Company
10.	亲情和院	9	37750208	24 April 2019	Our Company
11.	亲情和院	35	37760699	24 April 2019	Our Company
12.	亲情和院	38	37762514	24 April 2019	Our Company
13.	亲情和院	41	37767313	24 April 2019	Our Company
14.	亲情和院	42	37741818	24 April 2019	Our Company
15.	亲情和院	45	37766307	24 April 2019	Our Company
16.	东方礼遇	9	37762089	24 April 2019	Our Company
17.	东方礼遇	35	37753304	24 April 2019	Our Company
18.	东方礼遇	36	37762465	24 April 2019	Our Company

No.	Trademark	Class(es)	Application No.	Application Date	Applicant
19.	东方礼遇	37	37762480	24 April 2019	Our Company
20.	东方礼遇	38	37762503	24 April 2019	Our Company
21.	东方礼遇	41	37767540	24 April 2019	Our Company
22.	东方礼遇	42	37759104	24 April 2019	Our Company
23.	东方礼遇	45	37754484	24 April 2019	Our Company

(b) Domain names

As at 30 June 2019, our Group is the registered owner of the following domain names which are material to the business of our Group:

No.	Domain Name	Expiry Date
1.	polywuye.com	18 June 2020
2.	hnbltc.com	21 March 2021

(c) Copyrights

As at 30 June 2019, our Group has obtained the following software copyrights in the PRC, which are material to our business:

No.	Copyright	Registration Number	Copyright Owner	Date of First Publication	Status
1.	Software for Information Monitoring of Elevator Operation V1.0 (電梯運行信息監控軟件V1.0)	2019SR0183145	Our Company	31 October 2018	Valid
2.	Payment System for Multimedia Machine V1.0 (多媒體機器支付系統V1.0)	2019SR0189611	Our Company	20 December 2018	Valid
3.	Management Platform for Distributed Call Centre V1.0 (分布式呼叫中心管控平台V1.0)	2091SR0186259	Our Company	8 December 2018	Valid
4.	Integrated Management Software for Electromechanical Equipment V1.0 (機電設備綜合管理軟件V1.0)	2019SR0183842	Our Company	12 December 2018	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of First Publication	Status
5.	Big Data-based Monitoring and Management Software for Data Analysis and Storage V1.0 (基於大數據的監控數據分析儲存管理軟件V1.0)	2019SR0183735	Our Company	25 December 2018	Valid
6.	Management Software for Community Complaint V1.0 (社區投訴管理軟件V1.0)	2019SR0186837	Our Company	8 October 2018	Valid
7.	Telephone Call Processing System for Complaint V1.0 (投訴電話通話處理系統V1.0)	2019SR0225669	Our Company	N/A	Valid
8.	Control System for Logistics Distribution Robot V1.0 (物流配送機器人操控系統V1.0)	2019SR0186791	Our Company	13 October 2018	Valid
9.	Repair Processing Software for Property Failure V1.0 (物業故障報修處理軟件V1.0)	2019SR0225664	Our Company	N/A	Valid
10.	Monitoring System for Residential Hydropower V1.0 (小區水電安全監測系統V1.0)	2019SR0225659	Our Company	N/A	Valid
11.	Information Release System V1.0 (信息發佈系統V1.0)	2019SR0225656	Our Company	N/A	Valid
12.	System for Monitoring Water Quality of Swimming Pool and leakage protection V1.0 (泳池水質環境監測及漏電保護系統V1.0)	2019SR0232985	Our Company	N/A	Valid
13.	Management Platform for Monitoring Online Video V1.0 (在線視頻監控管理平台V1.0)	2019SR0183159	Our Company	26 October 2018	Valid
14.	Software for Smart Community Security V1.0 (智慧社區安防軟件V1.0)	2019SR0183850	Our Company	18 October 2018	Valid
15.	Timed Patrol System for Smart Community V1.0 (智慧社區定時巡更系統V1.0)	2019SR0186771	Our Company	2 November 2018	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of First Publication	Status
16.	Integrated Management Platform for Logistics of Smart Community V1.0 (智慧社區物流綜合管理平台V1.0)	2019SR0223620	Our Company	15 November 2018	Valid
17.	Property Information Collaborative Management Platform for Smart Community V1.0 (智慧社區物業信息化協同管理平台V1.0)	2019SR0223631	Our Company	N/A	Valid
18.	Big Data Management and Application System for Information of Smart Community Household V1.0 (智慧社區住戶信息大數據管理與應用系統V1.0)	2019SR0220761	Our Company	N/A	Valid
19.	Fee Management Software for Smart Parking V1.0 (智慧停車場收費管理軟件V1.0)	2019SR0186767	Our Company	10 November 2018	Valid
20.	ERP Integrated Management Platform for Smart Property V1.0 (智慧物業ERP綜合管理平台V1.0)	2019SR0224183	Our Company	N/A	Valid
21.	Storage Control System for Intelligent Service Cabinet V1.0 (智能服務櫃儲存控制系統V1.0)	2019SR0224203	Our Company	N/A	Valid
22.	Intelligent Management System for Power Supply V1.0 (智能化供電數據管理系統V1.0)	2019SR0189157	Our Company	15 November 2018	Valid
23.	Intelligent Management System for Street Light V1.0 (智能化路燈控制系統V1.0)	2019SR0186273	Our Company	22 November 2018	Valid
24.	Intelligent System for Community Service V1.0 (智能化社區服務管理系統V1.0)	2019SR0183754	Our Company	27 November 2018	Valid
25.	Intelligent System for Data Collection V1.0 (智能數據採集管理系統V1.0)	2019SR0186764	Our Company	30 November 2018	Valid
26.	Automatic Watering Control System V1.0 (自動澆水管控系統V1.0)	2019SR0189150	Our Company	3 December 2018	Valid

3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

(A) Particulars of Directors' and Supervisors' Contracts

Pursuant to Rule 19A.54 of the Listing Rules, each of the Directors entered into a service contract with our Company. The principal particulars of these service agreements include, amongst others, (a) term of three years commencing from 23 October 2019; (b) termination in accordance with their respective terms; and (c) provisions on arbitration. The service agreements may be renewed in accordance with our Articles of Association and the applicable laws and regulations.

Pursuant to Rule 19A.55 of the Listing Rules, each of the Supervisors entered into a contract with our Company. The principal particulars of these service agreements include, amongst others, (a) term of three years commencing from 23 October 2019 (save for the service agreement of our Employee Representative Supervisor which commenced from 11 October 2019); (b) termination in accordance with their respective terms; and (c) provisions on arbitration. The service agreements may be renewed in accordance with our Articles of Association and the applicable laws and regulations.

Save as disclosed above, none of our Directors or Supervisors in their respective capacity as Director or Supervisor (as the case may be) has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

(B) Emolument of Directors and Supervisors

The aggregate amounts of emolument (including fees, salaries and bonus, pension costs, housing funds, medical insurances and other social insurances) which were paid to the Directors and Supervisors during the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019 were approximately RMB2.3 million, RMB3.0 million, RMB4.9 million and RMB1.7 million, respectively.

Save as disclosed above, no other payments have been paid or are payable by us to the Directors and Supervisors for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019.

There is no arrangement under which any Director has waived or agreed to waive future emoluments, nor has there been any waiver of emoluments by any Director during the current financial year.

Under the existing arrangements currently in force, the aggregate emolument payable to the Directors and the Supervisors for the year ending 31 December 2019 are estimated to be approximately RMB4.2 million and RMB1.3 million, respectively.

Each of the Directors and Supervisors is entitled to reimbursement for all reasonable expenses properly incurred in the performance of his or her duties.

4. DISCLOSURE OF INTERESTS

(A) Disclosure of Interests of the Directors, Supervisors and chief executive of our Company and our associated corporations

Immediately following the completion of the Global Offering and assuming no exercise of the Over-allotment Option, the interests and/or short positions (as applicable) of our Directors, Supervisors and chief executive of our Company in the Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or (b) will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to our Company and the Hong Kong Stock Exchange once our H Shares are listed, will be as follows:

Name of Director and Supervisor	Name of associated corporation	Nature of interest	Number of shares held(1)	Approximate percentage of interest
Huang Hai (黃海)	Poly Developments and Holdings	Beneficial owner	871,984(L)	0.007%
	Poly Developments and Holdings	Beneficial owner	187,713(2)	0.002%
Hu Zaixin (胡在新)	Poly Developments and Holdings	Beneficial owner	518,400(L)	0.004%
	Poly Developments and Holdings	Beneficial owner	552,097(2)	0.005%
Li Jiahe (黎家河)	Poly Developments and Holdings	Beneficial owner	136,519(2)	0.001%
Wu Lanyu (吳蘭玉)	Poly Developments and Holdings	Beneficial owner	99,378(L)	0.001%
	Poly Developments and Holdings	Beneficial owner	102,388(2)	0.001%
	Guizhou Jiulian Industrial Explosive Material Development Co., Ltd. (貴州久聯民爆器材發展股份有限公司)	Beneficial owner	1,900(L)	0.00039%
Liu Huiyan (劉慧妍)	Poly Developments and Holdings	Beneficial owner	40,003(L)	0.0003%
	Poly Developments and Holdings	Beneficial owner	269,022(2)	0.002%
Chen Shuping (陳淑萍)	Poly Developments and Holdings	Beneficial owner	2,707(L)	0.00002%

Notes:

(1) The letter "L" denotes the person's long position in the shares.

(2) Such interest is in the form of share options as at the Latest Practicable Date. The shareholding percentage is calculated (i) assuming full exercise of the relevant options; and (ii) based on the total number of shares of Poly Developments and Holdings without taking into account share options granted but not yet exercised, as at the Latest Practicable Date.

(B) Disclosure of Interests of substantial shareholders of our Company

For information on the persons who will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company, please see the section headed "Substantial Shareholders" in this prospectus.

(C) Disclosure of Interests of substantial shareholder in subsidiaries of our Company

To the best knowledge of our Directors, as at the Latest Practicable Date, the following person will, immediately after completion of the Global Offering, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of the relevant subsidiary of our Company:

Name of subsidiary of our Company	Name of shareholders	Capacity/Nature of interest	Approximate percentage of shareholding *(%)*
Poly (Changchun) Property Service Co., Ltd (保利(長春)物業服務有限公司)	Changchun Qinggui Liuhe Real Estate Development Co., Ltd. (長春市輕軌六合房地產開發有限公司)	Beneficial interest	50%
Hunan Poly Tongyuan Property Management Co., Ltd (湖南保利同元物業管理有限公司)	Hunan Tongyuan Cultural Ancient Town Tourism Development Co., Ltd. (湖南同元文化古鎮旅遊開發有限公司)	Beneficial interest	49%
Poly Baoding Property Service Co., Ltd (保利保定物業服務有限公司)	Hebei Runzhuo Real Estate Development Co., Ltd. (河北潤卓房地產開發有限公司)	Beneficial interest	49%
Ji An Shi Poly Jin Property Service Co., Ltd (吉安市保利金物業服務有限公司)	Ji'an Jinggangshan Development Zone Jinluling Economic Development Co., Ltd. (吉安市井岡山開發區金盧陵經濟發展有限公司)	Beneficial interest	39%
	Ji'an Xinyu Environmental Protection Technology Co., Ltd (吉安市鑫昱環保科技有限公司)	Beneficial interest	10%

Name of subsidiary of our Company	Name of shareholders	Capacity/Nature of interest	Approximate percentage of shareholding (%)
Poly Guanlan (Wuhan) Property Services Co., Ltd. (保利觀瀾(武漢)物業服務有限公司)	Wuhan Guanlan Property Services Co., Ltd. (武漢觀瀾物業服務有限公司)	Beneficial interest	20%
Poly (Baotou) Property Service Co., Ltd (保利(包頭)物業服務有限公司)	Baotou Shenze Investment Co., Ltd. (包頭市神澤投資有限公司)	Beneficial interest	17.34%
	Baotou Chengze Technology Consultancy Co., Ltd. (包頭市成澤技術諮詢有限公司),	Beneficial interest	5.16%
Guangzhou Hechuang Zhongwei Catering Service Co., Ltd. (廣州和創中味餐飲服務有限公司)	Guangzhou Zhongwei Catering Service Co., Ltd. (廣州中味餐飲服務有限公司)	Beneficial interest	49%
Hunan Poly Tianchuang (湖南保利天創)	Mr. Yi Shuai (易帥)	Beneficial interest	24%
	Mr. Luo Zan (羅贊)	Beneficial interest	16%
Poly Huichuang (Chongqing) City Comprehensive Service Co., Ltd. (保利暉創(重慶)城市綜合服務有限公司)	Chongqing Shiji Hengrun Industry Co., Ltd. (重慶世紀恒潤實業有限公司)	Beneficial interest	39%
	Chongqing Xiangrui Holdings Group Co., Ltd (重慶祥瑞控股集團有限公司)	Beneficial interest	10%
Poly Zhongshe (Beijing) Property Management Co., Ltd. (保利中設(北京)物業管理有限公司	China Machinery Engineering Corporation (中國機械設備工程股份有限公司)	Beneficial interest	40%

Name of subsidiary of our Company	Name of shareholders	Capacity/Nature of interest	Approximate percentage of shareholding (%)
Hechuang Aiqi (Guangzhou) Operation and Management Co., Ltd. (和創愛奇(廣州)運營管理有限公司)	Guangzhou Aiqi Culture and Sport Development Co., Ltd. (廣州愛奇文化體育發展有限公司)	Beneficial interest	49%
Hunan Xingchuang City Operation Management Co., Ltd. (湖南省星創城市運營管理有限公司)	Guangzhou Xingsheng Group Co., Ltd (廣州行盛集團有限公司)	Beneficial interest	49%
Guangdong Hejia Home Technology Co., Ltd. (廣東和加家居科技有限公司)	Foshan Chengxin Shareholding Investment Partnership (Limited Partnership) (佛山市承鑫股權投資合夥企業(有限合夥))	Beneficial interest	40%
Poly Wanteng Hebei Property Services Co., Ltd. (保利萬騰河北物業服務有限公司)	Hebei Wanteng Real Estate Development Group Co., Ltd. (河北萬騰房地產開發集團有限公司)	Beneficial interest	49%
Shandong Chengtou Poly Huichuang City Services Co., Ltd. (山東城投保利暉創城市服務有限公司)	Heze Shi Chengtou Property Services Co., Ltd. (菏澤市城投物業服務有限公司)	Beneficial interest	49%

(D) Disclaimers

Save as disclosed in this prospectus and as of the Latest Practicable Date:

(a) none of our Directors, Supervisors or chief executive had any interest or short position in any of the Shares, underlying Shares or debentures of our Company or any shares, underlying shares or debentures of any associated corporation within the meaning of Part XV of the SFO, which (i) will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO) or (ii) will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to our Company and the Hong Kong Stock Exchange once our H Shares are listed;

(b) our Directors are not aware of any person (not being our Director or our chief executive) who will, immediately after the completion of the Global Offering, have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings of any our member of our Group;

(c) none of our Directors, Supervisors or the parties listed in the paragraph headed "(G) Qualification of experts" of this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which, within the two years immediately preceding the date of this prospectus, have been acquired or disposed of by or leased to our Group, or are proposed to be acquired or disposed of by or leased to our Group;

(d) none of our Directors or Supervisors or the parties listed in the paragraph headed "(G) Qualification of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business taken as a whole;

(e) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed "(G) Qualification of experts" of this Appendix:

(i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiary; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(f) none of the Directors or Supervisors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares of our Company falling to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Hong Kong Stock Exchange;

(g) none of the Directors, Supervisors, or their respective associates, or any Shareholders (who to the knowledge of the Directors owns more than 5% of our registered share capital), had any interest in our top five business customers and suppliers;

(h) none of the Directors or Supervisors is interested in any business which competes or is likely to compete, either directly or indirectly, with our business; and

(i) none of the Directors or Supervisors has been paid in cash or shares or otherwise by any person in respect of the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, as an inducement to join or upon joining the Company, or as compensation for loss of office, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

5. OTHER INFORMATION

(A) Estate Duty

Our Directors have been advised that no material liability for estate duty under the PRC laws is likely to fall on our Company or any of our subsidiaries.

(B) Indemnities

Poly Developments and Holdings has entered into the Deed of Indemnity with our Company (for itself and as trustee for each of our Company's subsidiaries) (being the contract referred to in paragraph (a) of "2. Further Information about our Business — (A) Summary of our material contracts" above) to provide full indemnities in respect of any costs, expenses, penalties and damages due to our failure to register for and/or contribute to social insurance and housing provident funds on behalf of our employees, to which we may be subject and payable, from the commencement of the Track Record Period to the date when the Global Offering becomes unconditional (both days inclusive).

(C) Litigation

As of the Latest Practicable Date, we are not engaged in any material litigation, arbitration or administrative proceedings which could have a material effect on our financial condition or results of operations. So far as our Directors are aware, no such litigation, arbitration or administrative proceedings of material importance is pending or threatened against our Company.

(D) Restrictions on Share Repurchase

Please see the section headed "Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions — The PRC Company Law, Special Regulations and Mandatory Provisions — Repurchase of Shares" in Appendix IV to this prospectus for details.

(E) Joint Sponsors

The Joint Sponsors made an application on our behalf to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the H Shares to be admitted into CCASS. The Joint Sponsors confirm that each of them satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Our Company has entered into an engagement agreement with each of the Joint Sponsors, pursuant to which our Company agreed to pay the Joint Sponsors a total fee of US$250,000 to act as joint sponsors to our Company in the Global Offering.

(F) Preliminary expenses

We have not incurred preliminary expense.

(G) Qualification of experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this prospectus, are as follows:

Name	Qualification
GF Capital (Hong Kong) Limited	A licenced corporation to conduct Type 6 (advising on corporate finance) regulated activities under the SFO
Huatai Financial Holdings (Hong Kong) Limited	A licenced corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
ABCI Capital Limited	A licenced corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
DeHeng Law Offices	PRC Legal Advisers
BDO Limited	Certified public accountants
China Index Academy	Industry consultant

(H) Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Hong Kong Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is HK$1.00 for every HK$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

(I) No material adverse change

Save as disclosed in this prospectus, our Directors has confirmed that there has been no material adverse change in the financial or trading position of our Group since 30 June 2019.

(J) Binding effect

This prospectus shall have the effect, if an application is made in pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding up and Miscellaneous Provisions) Ordinance so far as applicable.

(K) Consents

Each of the experts as referred to in the paragraph headed "(G) Qualification of experts" in this Appendix has given and has not withdrawn its or his respective written consent to the issue of this prospectus with the inclusion of any of its or his certificates, letters, opinions or reports and the references to its or his name included herein in the form and context in which it is included.

None of the experts named above has any shareholding interests in our Company or any subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of its subsidiaries.

(L) Promoters

The promoters of our Company are Poly Developments and Holdings and Xizang Yingyue.

Save as disclosed in this prospectus, within two years immediately preceding the date of this prospectus, no cash, security or benefit has been paid, allotted or given or is proposed to be paid, allotted or given to our promoters named above in connection with the Global Offering or the transactions described in this prospectus.

(M) Related party transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in the Appendix I to this prospectus.

(N) Personal guarantees

The Directors and Supervisors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to us.

(O) Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately but available to the public at the same time, pursuant to Rule 11.14 of the Listing Rules and section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

This prospectus is written in the English language and contains a Chinese translation for information purposes only. Should there be any discrepancy between the English language of this prospectus and the Chinese translation, the English language version of this prospectus shall prevail.

(P) Miscellaneous

Save as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus: (i) save as disclosed in this prospectus, none of the member of our Group has issued or agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any of the shares or loan capital of any member of our Group;

(b) no share or loan capital of our Group is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue founder, management or deferred shares or any deferred debentures;

(d) our Company has no outstanding convertible debt securities;

(e) there are no arrangements under which future dividends are waived or agreed to be waived;

(f) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(g) there have been no interruptions in our business which may have or have had a significant effect on the financial position in the last 12 months;

(h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(i) there are no part of the equity or debt securities of our Company which is currently listed on or dealt in on any stock exchange or trading system and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought; and

(j) there is no subsidiary in our Group which is a sino-foreign equity joint venture or which operates as or under a cooperative or contractual joint venture.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

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** and **GREEN** Application Forms;

(b) the written consents referred to in "Appendix VI — Statutory and General Information — 5. Other Information — (K) Consents"; and

(c) a copy of each of the material contracts referred to in "Appendix VI — Statutory and General Information — 2. Further Information about Our Business — (A) Summary of our material contracts".

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of 13/F., Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Articles of Association in Chinese;

(b) the Accountants' Report prepared by BDO Limited, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Group for each of the three years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019;

(d) the report on the unaudited pro forma financial information of our Group prepared by BDO Limited, the texts of which are set out in Appendix II to this prospectus;

(e) the Industry Report prepared by China Index Academy;

(f) the PRC legal opinions issued by our PRC Legal Advisers, DeHeng Law Offices, in respect of our general matters and property interests;

(g) the material contracts referred to in "Appendix VI — Statutory and General Information — 2. Further Information about our Business — (A) Summary of our material contracts";

(h) the written consents referred to in "Appendix VI — Statutory and General Information — 5. Other Information — (K) Consents";

(i) the service contracts referred to in "Appendix VI — Statutory and General Information — 3. Further Information about our Directors and Supervisors — (A) Particulars of Directors' and Supervisors' Contracts"; and

(j) the PRC Company Law, the Special Regulations and the Mandatory Provisions together with unofficial English translations thereof.

POLY PROPERTY DEVELOPMENT CO., LTD.
保利物業發展股份有限公司