

SUMMARY

This summary aims to give you an overview of the information contained in this document. As it 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 in conjunction with, the full text of this document. You should read the entire document before you decide to invest in the [REDACTED].

There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set forth in “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

We are a nationally-known comprehensive property management, commercial operational and city services provider in China. We are deeply rooted in the Greater Bay Area and have a growing footprint across the PRC market. Since our inception over 30 years ago, we have embarked on a journey in Shenzhen with the mission of “Serving the City with Professionalism and Creating Value with Wisdom” (以專業服務城市、用智慧創造價值) and have established our position as a leader in the Greater Bay Area. Benefiting from the strong economic growth and favorable regional policies, we believe that our strategic focus on the Greater Bay Area, our full-service business model and capabilities as well as our organic and external growth will facilitate our nationwide expansion.

As of September 30, 2022, we had a total contracted GFA of approximately 61.8 million sq.m. and had a total of 462 projects under management, with a total GFA under management of approximately 59.2 million sq.m., covering 46 cities and 14 provinces in China. As a testament of our market leading position, we ranked:

- 8th in 2021 among comprehensive property management, commercial operational and city services providers in China in terms of revenue, and 4th among PRC state-owned comprehensive property management, commercial operational and city services providers, according to Frost & Sullivan;
- 7th in 2022 among PRC state-owned property service providers in terms of overall strength, according to CRIC Property Management and CPMRI; and
- 20th in the 2022 Top 100 Property Management Companies in China in terms of Overall Strength (2022中國物業服務百強企業), according to China Index Academy.

As an early mover in the property management sector in China, we have been providing property management services since 1985. With our extensive industry experience and market recognition, we became one of the first enterprises to receive the “First-Grade Property Management Qualification” (一級資質物業管理企業) from the former Ministry of Construction (presently known as MOHURD) in 2001. Building upon our property management capabilities serving residential and commercial properties, we have been capturing the emerging opportunities in city services and commercial operational services and, have expanded our management portfolio to government facilities, public institutions, sub-districts, industrial parks, commercial complexes, office buildings and hotels. Meanwhile, these opportunities have broadened our customer base, which now ranges from property developers, local governments, public institutions and corporations (including Fortune 500 companies) to merchants and residents. Our business is centered around serving “all property types, comprehensive services and all-customers” (全業態、全服務、全客戶), which has diversified our growth trajectory and developed our counter-cyclical business model. We categorize our services into the following three business segments:






- **City and industrial park services.** We mainly provide municipal infrastructure services, public facility management services and industrial park services to local governments, public institutions, corporations in industrial parks and property developers. To

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cater to the diverse needs of these customers and provide differentiated services, we launched several service series, including *Shenxiang Cheng* (深享城), *Shenxiang Ye* (深享業), *Shenxiang Yuan* (深享園) and developed Shum Yip Technical Support, a group of five support companies specializing in elevator maintenance, electrical and mechanical maintenance, greening, environmental services and catering services. As of September 30, 2022, we managed a total of 247 city and industrial parks projects, with a total GFA under management of 28.6 million sq.m., representing 48.4% of our total GFA under management.

- **Residential property management services.** We mainly provide property management services, value-added services for non-property owners and community valued-added services to property owners, residents and property developers. In this business segment, we launched *Shenxiang Ju* (深享居) service series, with the assistance from our Shum Yip Technical Support. As of September 30, 2022, we managed a total of 158 residential properties projects, with a total GFA under management of 26.6 million sq.m., representing 45.0% of our total GFA under management.
- **Commercial property operational and management services.** We provide commercial operational services, property management services and value-added services to corporations, merchants, property developers, property owners and tenants. In this business segment, we established *Shenxiang Shang* (深享商) service series and designated Shum Yip CM to provide services to commercial properties such as large-scale commercial complexes. As of September 30, 2022, we managed a total of 57 commercial properties projects, with a total GFA under management of 3.9 million sq.m., representing 6.6% of our total GFA under management.

The following chart describes the relationships between our business segments, service lines and service series.

| Business Segments | City and industrial park services | Residential property management services | Commercial property operational and management services |
|----------------------------|--|---|--|
| Service Lines | <ul style="list-style-type: none"> municipal infrastructure services public facility management services industrial park services | <ul style="list-style-type: none"> property management services value-added services for non-property owners community valued-added services | <ul style="list-style-type: none"> commercial operational services property management services value-added services |
| Service Series |  <i>Shenxiang Cheng</i> (深享城)  <i>Shenxiang Ye</i> (深享業)  <i>Shenxiang Yuan</i> (深享園) |  <i>Shenxiang Ju</i> (深享居) |  <i>Shenxiang Shang</i> (深享商)  Shum Yip CM |
| Shum Yip Technical Support | | | |

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The table below sets forth our GFA under management and number of projects by segment.

| | As of December 31, | | | | As of September 30, | |
|--|--|-----------------------|--|-----------------------|--|-----------------------|
| | 2020 | | 2021 | | 2022 | |
| | GFA under management (sq.m.' 000) | Number of projects | GFA under management (sq.m.' 000) | Number of projects | GFA under management (sq.m.' 000) | Number of projects |
| City and industrial park services. | 16,226.2 | 224 | 28,097.4 | 233 | 28,647.7 | 247 |
| Residential property management services. | 26,971.1 | 157 | 26,956.1 | 160 | 26,613.4 | 158 |
| Commercial property operational and management services. | 3,379.7 | 51 | 3,655.5 | 55 | 3,891.2 | 57 |
| Total. | 46,577.0 | 432 | 58,709.0 | 448 | 59,152.3 | 462 |

Capitalizing on our reputation, distinctive service portfolio and long operational experience, we are committed to delivering quality services catering to our customers’ needs. During the Track Record Period, we achieved stable financial growth as our business scale, number of projects and GFA under management expanded. Our revenue increased by 17.1% from RMB1,837.6 million in 2020 to RMB2,151.5 million in 2021, while our revenue increased by 5.6% from RMB1,563.7 million for the nine months ended September 30, 2021 to RMB1,650.7 million in the same period in 2022.

OUR COMPETITIVE STRENGTHS

We believe that we have the following major competitive strengths in the property management industry in China:

- comprehensive property management, commercial operational and city services provider, deeply rooted in the Greater Bay Area with growing footprints across China;
- diversified non-residential service portfolio with excellent service capabilities;
- integrated service and brand portfolio with strong market expansion;
- strong shareholder support with state-owned enterprise background;
- widely adopted digitalized management; and
- experienced and visionary management team with strong social responsibility.

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OUR BUSINESS STRATEGIES

We aim to be a leading comprehensive property management, commercial operational and city services provider in China with the following strategies:

- expand our business scale and solidify our market position;
- enhance service quality and customer satisfaction;
- optimize our digitalized service platform and purchase new equipment; and
- strengthen the influence of our commercial operational services.

OUR CUSTOMERS AND SUPPLIERS

We have a growing customer base primarily consisting of property owners, tenants, property developers, residents and local governments and public authorities. The table below sets forth the types of our major customers for each of our three business segments:

| Business Segment | Major Customers |
|--|--|
| <i>City and industrial park services</i> | Local governments, public institutions and property developers |
| <i>Residential property management services</i> | Property developers, property owners and residents |
| <i>Commercial property operational and management services</i> | Property developers, property owners and tenants |

In 2020, 2021 and the nine months ended September 30, 2022, revenue derived from our five largest customers amounted to RMB304.0 million, RMB368.1 million and RMB304.4 million, respectively, accounting for 16.6%, 17.1% and 18.5% of our total revenue for the relevant periods, respectively. In 2020, 2021 and the nine months ended September 30, 2022, revenue derived from our largest customer amounted to RMB143.5 million, RMB130.7 million and RMB115.1 million, respectively, accounting for 7.8%, 6.1% and 7.0% of our total revenue for the relevant periods, respectively.

During the Track Record Period, our suppliers are generally subcontractors providing cleaning, security, greening and maintenance services. In 2020, 2021 and the nine months ended September 30, 2022, purchases from our five largest suppliers amounted to RMB127.5 million, RMB162.6 million and RMB135.6 million, respectively, accounting for 8.2%, 8.8% and 9.6% of our total cost of services for the relevant periods, respectively. In 2020, 2021 and the nine months ended September 30, 2022, purchases from our largest supplier amounted to RMB63.2 million, RMB72.8 million and RMB65.1 million, respectively, accounting for 4.0%, 4.0% and 4.6% of our total cost of services for the relevant periods, respectively.

SUMMARY OF KEY FINANCIAL INFORMATION

The summary financial information set forth below has been derived from, and should be read in conjunction with, our consolidated audited financial statements, including the accompanying notes, set forth in the Accountant’s Report attached as Appendix I to this document, as well as the information set forth in “Financial Information.”

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Selected Consolidated Statements of Profit or Loss

| | Year ended December 31, | | Nine months ended September 30, | |
|--|-------------------------|---------------|---------------------------------|---------------|
| | 2020 | 2021 | 2021 | 2022 |
| | (RMB'million) | (RMB'million) | (RMB'million) (Unaudited) | (RMB'million) |
| Revenue | 1,837.6 | 2,151.5 | 1,563.7 | 1,650.7 |
| Cost of services | (1,559.3) | (1,871.9) | (1,348.8) | (1,410.3) |
| Gross profit | 278.3 | 279.6 | 214.9 | 240.4 |
| Administrative expenses | (149.8) | (189.4) | (132.1) | (153.8) |
| Net impairment losses on financial assets | (5.5) | (10.5) | (9.9) | (7.5) |
| Other income — net | 21.2 | 19.2 | 10.9 | 19.9 |
| Other gains/losses — net | 0.4 | 3.1 | 3.9 | 0.1 |
| Operating profit | 144.6 | 102.0 | 87.7 | 99.1 |
| Finance income | 4.7 | 5.6 | 4.3 | 4.6 |
| Finance costs | (4.7) | (3.0) | (2.1) | (2.4) |
| Finance income — net | — | 2.6 | 2.2 | 2.2 |
| Share of results of a joint venture and associates | 1.5 | 4.3 | 1.2 | 8.4 |
| Profit before income tax | 146.1 | 108.9 | 91.1 | 109.7 |
| Income tax expense | (41.3) | (34.4) | (28.8) | (19.5) |
| Profit for the year or period | 104.8 | 74.5 | 62.3 | 90.2 |

We experienced revenue growth during the Track Record Period, which was broadly in line with the increases in our GFA under management. In particular, our revenue increased by 5.6% to RMB1,650.7 million for the nine months ended September 30, 2022 from RMB1,563.7 million for the nine months ended September 30, 2021, primarily driven by our business expansion and increased number of properties and GFA in city and industrial park services segment; and our revenue increased by 17.1% to RMB2,151.5 million in 2021 from RMB1,837.6 million in 2020 due to our growth across all three business segments, particularly driven by the increase in revenue from city and industrial park services as we provided more municipal infrastructure services for sub-districts in the Greater Bay Area. The table below sets forth a breakdown of our revenue by segment for the periods indicated:

| | Year ended December 31, | | | | Nine months ended September 30, | | | |
|---|-------------------------|--------------|----------------|--------------|---------------------------------|--------------|----------------|--------------|
| | 2020 | | 2021 | | 2021 | | 2022 | |
| | (RMB'million) | % | (RMB'million) | % | (RMB'million) (unaudited) | % | (RMB'million) | % |
| City and industrial park services . . . | 653.2 | 35.5 | 858.2 | 39.9 | 602.4 | 38.5 | 697.3 | 42.2 |
| Residential property management services | 703.5 | 38.3 | 783.9 | 36.4 | 579.5 | 37.1 | 554.1 | 33.6 |
| Commercial property operational and management services | 480.9 | 26.2 | 509.4 | 23.7 | 381.8 | 24.4 | 399.3 | 24.2 |
| Total | 1,837.6 | 100.0 | 2,151.5 | 100.0 | 1,563.7 | 100.0 | 1,650.7 | 100.0 |

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Gross Profit and Gross Profit Margin

In 2020, 2021, and the nine months ended September 30, 2021 and 2022, our gross profit was RMB278.3 million, RMB279.6 million, RMB214.9 million and RMB240.4 million, and our gross profit margin was 15.1%, 13.0%, 13.7% and 14.6%, respectively. Our gross profit margin decreased in 2021 despite our revenue increase in the same year, primarily because we received less one-off deduction of social security payments in 2021; and our gross profit margin increased in the nine months ended September 30, 2022 from the same period in 2021 primarily driven by an increase in gross profit margin of our city and industrial park services as a result of higher labor efficiency and greater economies of scales achieved. In particular,

- *City and Industrial Park Services.* Gross profit of our city and industrial park services was RMB73.3 million, RMB69.9 million, RMB53.0 million and RMB107.3 million in 2020, 2021 and the nine months ended September 30, 2021 and 2022, respectively, while gross profit margin of this segment was 7.2%, 8.8%, 8.1% and 11.8%, respectively, in the same periods. The general increases in our segment gross profit margin were primarily due to our increased labor efficiency and achieved greater economies of scale achieved as a result of our expanded city service project portfolio.
- *Residential Property Management Services.* Gross profit of our residential property management services was RMB109.8 million, RMB112.9 million, RMB81.5 million and RMB94.0 million in 2020, 2021 and the nine months ended September 30, 2021 and 2022, respectively, while gross profit margin of this segment was 16.7%, 12.0%, 12.5% and 10.6%, respectively, in the same periods. We had a higher segment gross profit margin in 2020 compared to 2021 because we enjoyed certain deduction of social security payments in 2020 as part of government-led COVID-19 relief plans, which did not recur in 2021. The decrease in our segment gross profit margin in the nine months ended September 2022 was a result of higher labor costs and a decrease in the value-added services such as car parking management that had a relatively higher gross profit margin, as affected by COVID-19 pandemic.
- *Commercial Property Operational and Management Services.* Gross profit of our commercial property operational and management services was RMB95.8 million, RMB95.7 million, RMB73.3 million and RMB44.1 million in 2020, 2021 and the nine months ended September 30, 2021 and 2022, respectively, while our segment gross profit margin was 25.3%, 23.5%, 24.6% and 24.9%, respectively, in the same periods. We had a higher segment gross profit margin in 2021 compared to 2020 because we enjoyed certain deduction of social security payments in 2020 which did not recur in 2021.

The table below sets forth a breakdown of our overall gross profit and gross profit margin by type of property developers for the periods indicated:

| | Year ended December 31, | | | | Nine months ended September 30, | | | |
|--|-------------------------|-------------|---------------|-------------|---------------------------------|-------------|---------------|-------------|
| | 2020 | | 2021 | | 2021 | | 2022 | |
| | (RMB'million) | % | (RMB'million) | % | (RMB'million) | % | (RMB'million) | % |
| Shum Yip Group, its subsidiaries, joint ventures and associates | 183.3 | 23.0 | 178.9 | 20.2 | 135.9 | 21.0 | 157.9 | 22.7 |
| Independent third parties | 95.0 | 9.1 | 100.7 | 8.0 | 79.0 | 8.6 | 82.5 | 8.7 |
| Total. | 278.3 | 15.1 | 279.6 | 13.0 | 214.9 | 13.7 | 240.4 | 14.6 |

Our gross profit margin for services provided to related parties was higher than the gross profit margin for services provided to independent third parties, primarily because we provided relatively more commercial property operational and management services with higher margins to related parties and more city and industrial park services with lower margins to independent third parties.

During the Track Record Period, our gross profit margin for providing services to Shum Yip Group, its subsidiaries, joint ventures and associates remained relatively stable at 23.0%, 20.2%, 21.0% and 22.7% for 2020, 2021 and the nine months ended September 30, 2021 and 2022; and our gross profit margin for providing services to independent third parties was 9.1%, 8.0%, 8.6% and 8.7% for the respective periods.

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Selected Consolidated Statements of Financial Position

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

| | As of December 31, | | As of |
|---|--------------------|----------------|----------------|
| | 2020 | 2021 | September 30, |
| | (RMB'million) | (RMB'million) | (RMB'million) |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 55.7 | 220.1 | 208.8 |
| Right-of-use assets. | 32.4 | 32.3 | 29.5 |
| Intangible assets | 1.3 | 1.4 | 1.9 |
| Investment properties | 7.9 | — | — |
| Investments in a joint venture and associates | 7.2 | 273.6 | 267.6 |
| Financial assets at fair value through other comprehensive income | 1.0 | 1.0 | 1.1 |
| Other receivables | 117.1 | 12.1 | 11.5 |
| Deferred income tax assets | 21.0 | 26.2 | 33.4 |
| Subtotal | 243.6 | 566.7 | 553.8 |
| Current assets | | | |
| Inventories | 1.4 | 1.1 | 1.2 |
| Trade and other receivables | 582.6 | 477.4 | 612.3 |
| Restricted cash and term deposits | 81.6 | 90.4 | 56.3 |
| Cash and cash equivalents | 520.7 | 627.5 | 567.3 |
| Subtotal | 1,186.3 | 1,196.4 | 1,237.1 |
| Total assets | 1,429.9 | 1,763.1 | 1,790.9 |
| EQUITY | | | |
| Share capital | 30.0 | 121.3 | 121.3 |
| Reserves | 123.2 | 312.2 | 406.0 |
| Retained earnings | 211.8 | 240.8 | 236.0 |
| Capital and reserves attributable to owners of the Company | 365.0 | 674.3 | 763.3 |
| Non-controlling interests | 1.3 | 7.2 | 9.0 |
| Total equity | 366.3 | 681.5 | 772.3 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Lease liabilities | 21.0 | 26.8 | 31.2 |
| Current liabilities | | | |
| Trade and other payables | 916.9 | 935.4 | 896.4 |
| Contract liabilities. | 83.9 | 75.2 | 60.7 |
| Current income tax liabilities | 29.4 | 24.0 | 16.8 |
| Lease liabilities | 12.4 | 20.2 | 13.5 |
| Subtotal | 1,042.6 | 1,054.8 | 987.4 |
| Total liabilities | 1,063.6 | 1,081.6 | 1,018.6 |
| Total equity and liabilities | 1,429.9 | 1,763.1 | 1,790.9 |

Our net current assets decreased slightly from RMB143.7 million as of December 31, 2020 to RMB141.6 million as of December 31, 2021 because the increase in our current liabilities is greater than the increase in our current assets, and our trade and other payables and contract liabilities continued to increase due to our business expansion. Our net current assets increased significantly to RMB249.7 million as of September 30, 2022, mainly due to a significant increase of RMB134.9 million in trade and other receivables reflecting our business expansion and the increased number and GFA of properties we provided services for. Our net current assets further increased to RMB295.7 million as of January 31, 2023, mainly as a result of an increase in cash and cash equivalent of RMB69.5 million due to our increased settlement of trade receivables in the fourth quarter of 2022.

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Summary of Consolidated Statements of Cash Flows

| | Year ended December 31, | | Nine months ended September 30, |
|--|-------------------------|---------------|---------------------------------|
| | 2020 | 2021 | 2022 |
| | (RMB'million) | (RMB'million) | (RMB'million) |
| Net cash generated from/(used in) operating activities | 68.2 | 46.6 | (57.8) ⁽¹⁾ |
| Net cash (used in)/generated from investing activities | (6.5) | 98.1 | 36.8 |
| Net cash (used in)/generated from financing activities | (123.5) | (37.8) | (39.7) |
| Net (decrease)/increase in cash and cash equivalents | (61.9) | 106.9 | (60.6) |
| Exchange (losses)/gain on cash and cash equivalents | (0.2) | (0.1) | 0.4 |
| Cash and cash equivalents at the beginning of the year or period | 582.8 | 520.7 | 627.5 |
| Cash and cash equivalents at the end of the year or period | 520.7 | 627.5 | 567.3 |

- (1) In the nine months ended September 30, 2022, we had net cash outflows from operating activities due to a substantial increase in trade and other receivables as a result of the increase in our revenue and business scale and a decrease in trade and other payables as we have settled outstanding trade payables to related parties.

CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Given that, upon completion of the [REDACTED] (assuming that (i) there will be no change of shareholding between the Latest Practicable Date and the [REDACTED] and (ii) [REDACTED] is not exercised), (i) Shum Yip Group will directly hold [REDACTED]% equity interests in Shum Yip Holdings; (ii) Shum Yip Holdings will directly and indirectly hold approximately [REDACTED]% interests in Shenzhen Investment; and (iii) Shenzhen Investment will indirectly hold approximately [REDACTED]% equity interests in our Company, Shum Yip Group, Shum Yip Holdings, Shenzhen Investment and other holdings companies will be a group of Controlling Shareholders. See “Relationship with Controlling Shareholders” for details of our Controlling Shareholders. See “History — Corporate Structure” for details in relation to the corporate structure regarding the relationship between our Company and our Controlling Shareholders.

As of the Latest Practicable Date, none of our Controlling Shareholders and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our business. To ensure that competition will not exist in the future, our Controlling Shareholders have entered into the Deed of Non-Competition in favor of our Company. See “Relationship with Controlling Shareholders–Deed of Non-Competition” for more information.

We have entered into certain transactions which will constitute continuing connected transactions under Chapter 14A of the Listing Rules after [REDACTED]. See “Continuing Connected Transactions” for more information.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that: (i) the [REDACTED] is completed and [REDACTED] H Shares are issued and sold in the [REDACTED]; (ii) the [REDACTED] is not exercised; and (iii) [REDACTED] (including [REDACTED] H Shares and [121,287,867] Domestic Shares) are in issue upon completion of the [REDACTED].

| | Based on an [REDACTED] of HK\$[REDACTED] per H Share | Based on an [REDACTED] of HK\$[REDACTED] per H Share |
|---|---|---|
| Market capitalization of our [REDACTED] | HK\$[REDACTED] million | HK\$[REDACTED] million |
| Unaudited pro forma adjusted consolidated net tangible assets value per Share . . | HK\$[REDACTED] | HK\$[REDACTED] |

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DIVIDENDS

We declared dividends of RMB52.1 million in 2020, RMB38.5 million in 2021 and RMB0.1 million in the nine months ended September 30, 2022. Past payments of dividends are not indicative of our future dividend policy. Our Board may declare dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association and the applicable laws, including the approval of our Shareholders. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board.

RECENT DEVELOPMENTS

Subsequent to September 30, 2022 and as of the Latest Practicable Date, many of the restrictions on travel and gathering within China in relation to the COVID-19 pandemic have been relaxed and our business continued to grow. During the four months ended January 31, 2023, we have entered into service contracts for 21 additional city and industrial park projects, three residential property management projects and three commercial management projects. As a result, as of January 31, 2023, our total contracted GFA was approximately 61.9 million sq.m and our GFA under management was approximately 59.3 million sq.m. We also exited from 20 contracted projects either because we completed the projects or the project is not commercially viable for us to continue offering quality services.

During the Track Record Period and up to the Latest Practicable Date, our business model remained stable which was in line with the past trends and our expectations. After due and careful consideration, our Directors confirmed that, since September 30, 2022 and up to the date of this document, there has been no material adverse change in our financial, operational or trading positions, or prospects.

USE OF [REDACTED]

We estimate that the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the [REDACTED] stated in this document), will be approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] commissions and other estimated expenses payable by us in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. We intend to use our [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED]% or HK\$[REDACTED] million will be used for making strategic investments and acquisitions, as well as forming strategic alliance with selected companies;

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- Approximately [REDACTED]% or HK\$[REDACTED] million will be used for optimizing our digitalized service platform and purchases new equipment;
- Approximately [REDACTED]% or HK\$[REDACTED] million will be used for strengthening the influence of our commercial operational services; and
- Approximately [REDACTED]% or HK\$[REDACTED] million will be used for working capital and general corporate purposes.

See “Future Plans and Use of [REDACTED].”

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commissions and other fees incurred. The total estimated [REDACTED] expenses in connection with the [REDACTED] are RMB[REDACTED] million, representing [REDACTED]% of the gross [REDACTED] from the [REDACTED] (based on the mid-point of the [REDACTED] range of RMB[REDACTED] per [REDACTED] and assuming no [REDACTED] will be exercised), among which (i) [REDACTED] expenses, including [REDACTED] commission and other expenses fees, are expected to be approximately RMB[REDACTED] million and (ii) [REDACTED] expenses are expected to be approximately RMB[REDACTED] million, such as fees and expenses of legal advisors and reporting accountants.

During the Track Record Period, we did not incur any [REDACTED] expenses. Our [REDACTED] expenses of RMB[REDACTED] million are expected to be charged to our consolidated statements of comprehensive income for the three months ended December 31, 2022 and for the year ending December 31, 2023 and RMB[REDACTED] million are expected to be deducted from equity following the [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate and are for reference only. The actual amount may differ from this estimate.

RISK FACTORS

Our operations involve certain risks, some of which are beyond our control. These risks can be broadly categorized into: (i) risks relating to our business and industry; (ii) risks relating to doing business in China; and (iii) risks relating to the Spin-off and the [REDACTED]. Some of the risks generally associated with our business and industry include the following:

- we may fail to secure new or renew our existing service contracts on favorable terms, or at all;
- our business of providing city and industrial park services may not be as successful as we have expected;
- we may not be able to assist property owners in our commercial operational services in renting out all newly developed properties and renewing existing leases, and accurately positioning the shopping malls;
- our future growth may not materialize as planned and our historical results may not indicate our future prospects and results of operations;
- future acquisitions, joint ventures and investments may expose us to new risks or fail to perform as expected;
- a significant portion of our operations are concentrated in the Greater Bay Area, and we are susceptible to any adverse development in government policies or business environment in this region;

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- we may experience intense competition and fail to compete effectively;
- increase in employee benefits expenses and outsourcing costs could adversely impact our business and affect our profitability;
- we are susceptible to changes in the regulatory landscape of the PRC property management services industry and commercial operational services industry; and
- we are susceptible to changes in the regulatory landscape of the PRC real estate industry.

These risks are not the only significant risks that may affect the value of our [REDACTED]. You should carefully consider all the information set forth in this document and, in particular, should evaluate the specific risks set forth in “Risk Factors” in this document before deciding whether to invest in our [REDACTED].

COVID-19 IMPACTS

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. It materially adversely affected global economic activity, caused significant market volatility and resulted in numerous governments declaring emergencies and implementing measures, such as travel bans, quarantines, business closures, shelter-in-place and other restrictions.

In response to the COVID-19 pandemic, the PRC government imposed measures across the PRC, which included, but not limited to, travel restrictions and quarantine for travelers or returnees. During the Track Record Period, our provision of city and industrial park services, residential property management services and commercial property operational and management services in China has been affected by such measures in various ways, in particular in the Greater Bay Area.

In the nine months ended September 30, 2022, the resurgence of COVID-19 cases and governmental measures implemented such as quarantine and social distancing rules have reduced business activities in Shenzhen and in turn affected our financial performance. Restrictions on travel and reduced business activities have decreased the revenue we generated from certain value-added services we provided, such as parking lot management services for commercial properties and hotel operations, from which we expect to generate more revenue after the COVID-19 pandemic measures were eased. Due to the resurgence of COVID-19 cases in the Greater Bay Area at the end of 2022, our trade and other receivables significantly increased and our trade payable turnover days has also been longer in the nine months ended September 30, 2022 as compared to the same period in the previous year.

In response to the COVID-19 pandemic, we took measures to protect the health of our employees, tenants and consumers, including (i) disinfecting the properties we managed on a daily basis, (ii) adopting temperature and health check-up measures and controlled foot traffic in properties we managed, (iii) raising awareness for preventive measures to minimize the risk of contracting and spreading COVID-19, (iv) purchasing and offering personal protection equipment for our employees, (v) providing overtime benefit for our employees and (vi) implementing other COVID-19 prevention measures in accordance with government guidelines.

In addition, as part of collective efforts in combating COVID-19 pandemic, we also received government relief and enjoyed deductions of social securities payments, which have mitigated the impact of COVID-19 pandemic on our business operations and financial performance. We believe the outbreak has not had any material adverse impact on our business or financial performance because we were able to continue to grow our property management services and maintain revenue growth during the Track Record Period.