三巽集团
SANXUN GROUP

Sanxun Holdings Group Limited
三巽控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6611

GLOBAL OFFERING

Sole Sponsor and Sole Global Coordinator

建银国际
CCB International

Joint Bookrunners

建银国际
CCB International

CRIC 克而瑞證券
CRIC SECURITIES CO. LTD

交銀國際
BOCOM International

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

The application for the Hong Kong Offer Shares will commence on Wednesday, June 30, 2021 up to Monday, July 12, 2021, being longer than the normal market practice of 3.5 days.

Sanxun Holdings Group Limited
三巽控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	165,000,000 Offer Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	16,500,000 Offer Shares (subject to adjustment)
Number of International Offer Shares	:	148,500,000 Offer Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	:	HK$5.20 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	HK$0.00001 per Offer Share
Stock code	:	6611

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A copy of this prospectus, having attached thereto the documents specified in the section entitled "Appendix VI—Documents Delivered to the Registrar of Companies and Available for Inspection" in this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be determined by agreement between the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and our Company on or around Monday, July 12, 2021 and, in any event, not later than Friday, July 16, 2021. The Offer Price will be not more than HK$5.20 per Offer Share and is currently expected to be not less than HK$3.30 per Offer Share, unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, upon application, the maximum Offer Price of HK$5.20 per Offer Share for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$5.20 per Offer Share.

If, for any reason, the Offer Price is not agreed by Friday, July 16, 2021 between the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and us, the Global Offering will not proceed and will lapse.

The Sole Global Coordinator (for itself and on behalf of the other Underwriters) may, where considered appropriate and with our consent, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that stated in this prospectus (which is HK$3.30 to HK$5.20) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of our Company at www.sanxungroup.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in the sections entitled "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section entitled "Risk Factors" in this prospectus.

Prospective investors of the Hong Kong Offer Shares should note that the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Sole Global Coordinator (for itself and on behalf of the other 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 Underwriting Agreement—Grounds for termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the US Securities Act and may not be offered, sold, pledged or transferred within the United States except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares are being offered and sold only outside the United States in offshore transactions in accordance with Regulation S.

June 30, 2021

*If there is any change in the following expected timetable, our Company will issue an announcement to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.sanxungroup.com**.*

Hong Kong Public Offering commences and **WHITE** and **YELLOW** Application forms available from	9:00 a.m. on Wednesday, June 30, 2021
Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2]	11:30 a.m. on Monday, July 12, 2021
Application lists of the Hong Kong Public Offering open[3]	11:45 a.m. on Monday, July 12, 2021
Latest time of lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on Monday, July 12, 2021
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Monday, July 12, 2021
Latest time to complete payment for **White Form eIPO** applications by effecting Internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Monday, July 12, 2021
Application lists of the Hong Kong Public Offering close	12:00 noon on Monday, July 12, 2021
Expected Price Determination Date[5]	Monday, July 12, 2021
Announcement of the final 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 on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.sanxungroup.com**[6] on or before	Friday, July 16, 2021
Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels. See "How to Apply for Hong Kong Offer Shares" in this prospectus from	Friday, July 16, 2021

A full announcement containing the information above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and on our Company's website at **www.sanxungroup.com** from	Friday, July 16, 2021
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID function"	Friday, July 16, 2021
Dispatch/collection of Share certificates or deposit of Share certificates into CCASS in respect of wholly or partially successful applications on or before[7]	Friday, July 16, 2021
Dispatch/collection of **White Form** e-Refund payment instructions and/or refund cheques (if applicable) in respect of wholly or partially unsuccessful applications on or before[8][9][10]	Friday, July 16, 2021
Dealings in the Shares on the Stock Exchange expected to commence at	9:00 a.m. on Monday, July 19, 2021

The application for the Hong Kong Offer Shares will commence from Wednesday, June 30, 2021 through to Monday, July 12, 2021. Such time period is longer than the normal market practice of 3.5 days. The application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving banks on behalf of our Company and the refund monies, if any, will be returned to the applicant(s) without interest on Friday, July 16, 2021. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Monday, July 19, 2021.

Notes:

(1) All times refer to Hong Kong local time. The above expected timetable is a summary only. 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.

(2) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website 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/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning and/or Extreme Conditions in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, July 12, 2021, the application lists will not open on that day. See "How to apply for Hong Kong Offer Shares—10. Effect of bad weather on the opening of the application lists" in this prospectus. If the application lists do not open and close on Monday, July 12, 2021, the dates mentioned in this section may be affected. An announcement will be made by us in such event.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the paragraph entitled "How to Apply for Hong Kong Offer Shares—6. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus.

(5) We expect to determine the Offer Price by agreement with the Sole Global Coordinator (for itself and on behalf of the other Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, July 12, 2021 and in any event, not later than Friday, July 16, 2021. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and us by Friday, July 16, 2021, the Hong Kong Public Offering and the International Offering will not proceed and will lapse.

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

(7) Share certificates for the Hong Kong Offer Shares will only become valid certificates of title at around 8:00 a.m. on Monday, July 19, 2021 provided that:

    (i) the Global Offering has become unconditional in all respects, and

    (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details before the receipt of Share certificates or before the Share certificates becoming valid certificates of title do so entirely at their own risk.

(8) Applicants who apply for 1,000,000 or more Hong Kong Offer Shares and have provided all required information may collect refund cheques (where applicable) and Share certificates (where applicable) in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on Friday, July 16, 2021. Applicants being individuals who are eligible for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who are eligible for personal collection must attend by their authorized representatives each bearing a letter of authorization from his corporation stamped with the corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar. Uncollected refund cheques and Share certificates will be dispatched promptly by ordinary post to the addresses as specified in the applicants' Application Forms at the applicants' own risk. Details of the arrangements are set out in the section entitled "How to Apply for Hong Kong Offer Shares" in this prospectus.

(9) Applicants who apply through the **White Form eIPO** service and paid their application monies through single bank accounts may have refund monies (if any) dispatched to the application payment account, in the form of e-Refund payment instructions. Applicants who apply through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions through the **White Form eIPO** service, in the form of refund cheques, by ordinary post at their own risk.

(10) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares 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 invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor and the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. 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 read in conjunction with, the full text of this prospectus. You should read the whole document 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 forth in the section entitled "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a real estate developer in the PRC focusing on the development and sales of residential properties. Headquartered in Shanghai and deeply rooted in Anhui Province, we have established our presence in the Yangtze River Delta. Since the establishment of our predecessor, Anhui Sanxun Investment, in 2004, we have been strategically focusing on the real estate market in Anhui Province, and expanded our operation from core prefecture-level cities to county-level cities in the province. We have also successfully expanded into the real estate markets of Shandong and Jiangsu provinces recently. According to Wind (萬德數據庫), Anhui's real estate market accounted for 4.13% of the entire real estate market in the PRC in 2018 based on the gross operating income of real estate developers. As of April 30, 2021, our Group had a total of 44 projects at various stages of development, covering 12 cities in three provinces with an aggregate land bank of 4.3 million sq.m., composed of completed GFA of completed properties of 0.24 million sq.m., GFA of properties under development of 3.45 million sq.m. and GFA of properties held for future development of 0.61 million sq.m., respectively. As of the same date, our GFA of properties held for future development accounted for 14.2% of our total land bank. At the early stage of our development, we mainly focused on the property markets in lower-tier cities and their surrounding cities with relatively low urbanization rate, while in recent years we commenced expanding into the property markets in second-tier cities. See "Industry Overview—Competitive Landscape and Our Market Position—Market Position" in this prospectus.

We achieved rapid growth during the Track Record Period. Our revenue increased from RMB723.9 million in 2018 to RMB3,108.7 million in 2019 and further to RMB3,946.1 million in 2020. Our land bank increased from 3.9 million sq.m. as of December 31, 2018 to 4.3 million sq.m. as of April 30, 2021. According to EH Consulting (億翰智庫), we ascended to No. 71 in 2020 from No. 82 in 2019 among the Top 100 Real Estate Developers in the PRC in terms of brand value. Additionally, our ranking was improved to No. 85 in 2020 from No. 91 in 2019 based on comprehensive performance.

Adhering to the development philosophy of "Creating a Happy Life (創造幸福生活)," we have developed different product lines, including "New Chinese (新中式)" and "College Style (學院風)", distinguished primarily by exterior designs. Each product line offers diversified products catering to the needs of different customer bases, including first-time homebuyers (剛需型), first-time home upgraders (剛改型) and optional home upgraders (改善型). We also refine our product lines continuously as customer demands evolve. In addition, we aim to provide quality living experience to customers and promote environmental and health concepts when designing our products.

We adopt a systematic approach to the property development process and have implemented standardized procedures to accelerate asset turnover and enhance operational efficiency throughout the project cycle. We believe our operation model has enabled us to achieve relatively high operational efficiency and low leverage ratio.

As a result of our efficient operation and quality products, we have quickly grown from a local property developer to a multi-regional quality residence provider, meeting the housing needs of different types of homebuyers. We believe our high-efficiency operational model will enable us to replicate our success in Anhui to more regions in China and further improve our market position and competitiveness.

Our Business Model

We are a real estate developer in the PRC focusing on the development and sales of residential properties, including the commercial properties within the residential communities we develop. Our carparks and underground storage space developed during the Track Record Period were not standalone projects, but just part of the residential property projects we developed.

We have developed a standardized project development process for residential properties, which typically involves (i) market research and land acquisition, (ii) product planning and design, (iii) tender and procurement, (iv) project construction management, (v) sales and marketing and (vi) project delivery and after-sales management.

Land Bank and Property Portfolio

The following table sets forth the GFA breakdown of our property portfolio as of April 30, 2021 in terms of geographic location:

	Number of Projects	Completed saleable GFA unsold	Planned GFA under Development	Estimated GFA held for Future Development	Total Land Bank[1]	% of Total Land Bank
		(in sq.m.)	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	
Properties developed by our subsidiaries						
Anhui Province						
Bozhou	14	100,657	1,235,248	2,296	1,338,200	31.2%
Chuzhou	6	49,514	246,956	–	296,470	6.9%
Huainan	2	–	260,710	132,101	392,811	9.1%
Hefei	3	–	328,598	63,816	392,414	9.1%
Fuyang	1	82,418	183,644	–	266,062	6.2%
Anqing	1	–	115,771	–	115,771	2.7%
Suzhou	2	–	199,459	101,632	301,091	7.0%
Xuancheng	1	–	129,008	–	129,008	3.0%
Bengbu	3	–	106,665	193,968	300,633	7.0%
Subtotal	33	232,589	2,806,059	493,813	3,532,461	82.3%
Jiangsu Province						
Nanjing	5	–	211,380	–	211,380	4.9%
Wuxi	4	–	265,949	105,775	371,724	8.7%
Subtotal	9	–	477,329	105,775	583,104	13.6%
Shangdong Province						
Tai'an	1	6,216	141,239	–	147,455	3.4%
Subtotal	1	6,216	141,239	–	147,455	3.4%
Total-Subsidiary	43	238,805	3,424,626	599,588	4,263,020	99.3%
Properties developed by our associate[2]						
Hefei	1	–	20,979	9,487	30,466	0.7%
Total-Associate	1	–	20,979	9,487	30,466	0.7%
Total	44	238,805	3,445,606	609,075	4,293,486	100%

Notes:

(1) Total land bank equals the sum of (i) total saleable GFA unsold for completed properties; (ii) total planned GFA for properties under development; and (iii) total estimated GFA for properties held for future development. We have obtained the land use rights certificates and/or land grant contracts for all of our land bank.

(2) For projects held by our associates, total GFA is adjusted by our equity interest in the respective projects.

The table below sets forth movement in our total land reserves, and number of projects during the Track Record Period and up to April 30, 2021.

	For the year ended December 31,			For the four months ended April 30,
	2018	2019(1)	2020(1)	2021(1)
Number of projects				
As of the beginning of the year/period	15	27	36	45
Addition	12	9	9	1
Deduction	–	–	–	2
As of the end of the year/period	27	36	45	44
Land reserves(2) *(sq.m.)*				
As of the beginning of the year/period	2,153,612	3,918,212	4,075,597	4,390,587
Addition	2,003,124	659,934	885,068	36,050
Land delivered	(238,524)	(502,549)	(570,078)	(133,151)
As of the end of the year/period	3,918,212	4,075,597	4,390,587	4,293,486

Notes:

(1) In calculating the number of projects and land reserves in 2019, 2020 and the four months ended April 30, 2021, we took into account one project developed by our associate which had attributable land reserve of 30,466 sq.m., which equals the project's land reserve adjusted based on the proportion of our equity interest in the relevant project company.

(2) Our land reserve is equal to the sum of (i) saleable GFA unsold and the GFA sold but not yet delivered, (ii) total planned GFA for properties under development, and (iii) total estimated GFA for properties held for future development.

During the Track Record Period, we acquired land primarily through traditional land acquisition methods, such as government organized auctions and public listing-for-sale process, and to a lesser extent through merger with and acquisition of, or otherwise strategic cooperation with, other property developers. See "Business—Our Strategies—Further Diversify Our Land Acquisition Channels to Optimize Our Land Bank" in this prospectus.

VALUATION OF OUR PROPERTIES

Our independent property valuer, JLL, valued our properties based on the assumptions that we would sell the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could affect the values of the property interests.

In the valuation of property interest using the comparison method, JLL has identified and analyzed various relevant sales evidences in the locality which with similar characteristics to the subject properties, including nature, use, size, layout, accessibility and environmental quality of the properties. The selected comparables are basically located in the area close to the subject properties with similar building conditions and facilities as the subject companies or within the same development zone of the subject properties. JLL has made appropriate adjustments according to the differences in location, size and other features between the comparable properties and the subject properties to arrive at an assumed unit rate for the subject properties.

In the valuation of properties which are currently under development, JLL has assumed that they will be developed and completed in accordance with the latest development proposals provided by us. In arriving at its opinion of values, JLL has adopted the comparison approach by making reference to comparable properties available in the relevant market and has also taken into account the accrued construction cost and professional fees relevant to the stage of construction as of the valuation date, and did not find any material inconsistency from those of other similar development projects.

JLL has valued our property interests as of April 30, 2021 and is of the opinion that the aggregate value of our property interests as of such date was RMB16,264.4 million. The details of the valuation opinion and summary disclosure of values with regard to such property interests are set forth in "Appendix III—Property Valuation Report" to this prospectus. For risks associated with the assumptions made in the valuation of our properties, see "Risk Factors—Risks Relating to Our Business—The appraised value of our properties may be different from their actual realizable value and are subject to change" in this prospectus. If the actual realizable value of our properties is substantially lower than their appraised value, there may be an adverse effect on our business, results of operations and financial condition.

SUPPLIERS AND CUSTOMERS

Our major suppliers are construction contractors and construction material suppliers. During the Track Record Period, we depended on a limited number of major suppliers to operate our businesses. Purchase from our five largest suppliers accounted for approximately 54.3%, 40.6% and 31.3%, respectively, of our total purchase for the years ended December 31, 2018, 2019 and 2020. Purchase from our single largest supplier accounted for approximately 24.4%, 10.4% and 9.2%, respectively, of our total purchase for the years ended December 31, 2018, 2019 and 2020. As of December 31, 2020, our business relationships with these major suppliers had generally been over one year.

Our five largest customers are all individual purchasers of our residential properties. Revenue from our five largest customers accounted for approximately 1.4%, 0.6% and 1.6%, respectively, of our total revenue for the years ended December 31, 2018, 2019 and 2020. Revenue from our single largest customer for the years ended December 31, 2018, 2019 and 2020, accounted for approximately 0.3%, 0.1% and 1.0%, respectively, of our revenue in the same periods.

COMPETITIVE STRENGTHS

We believe that our current market position is principally attributable to the following competitive strengths: (i) fast-growing real estate developer headquartered in Shanghai, focusing on development and sales of residential properties in Anhui Province and strategically expanding into cities in Yangtze River Delta; (ii) quality land bank and efficient land acquisition capability; (iii) diversified, quality product lines to satisfy different demands of customers; (iv) high operational efficiency underpinned by standardized development process and prudent financial policies; and (v) experienced senior management team and competent workforce with strong execution capability.

STRATEGIES

During the Track Record Period, we grew our business rapidly primarily through the acquisition of or partnering with other property developers to establish a significant number of project companies. We are committed to becoming a leading real estate developer in China. To achieve this goal, we intend to implement the following strategies: (i) continue to solidify our market position in Anhui Province and proactively expand into cities outside Anhui Province; (ii) further diversify our land acquisition channels to optimize our land bank; (iii) further enrich our product offerings to improve brand value and enhance customer loyalty; (iv) further improve operational efficiency and continuously optimize capital structure; and (v) further improve our human resource system to attract, retain and motivate talent.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The below summary should be read together with the consolidated financial information in Appendix I to this prospectus, including the accompanying notes and the information set forth in "Financial Information" in this prospectus. Our consolidated financial information was prepared in accordance with IFRS.

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

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	723,914	3,108,726	3,946,091
Cost of sales	(517,076)	(2,130,109)	(2,881,130)
Gross profit	206,838	978,617	1,064,961
Selling and distribution expenses	(69,288)	(143,803)	(200,203)
Administrative expenses	(42,602)	(104,161)	(188,662)
Profit before tax	87,804	682,644	643,289
Income tax expense	(42,812)	(287,323)	(275,593)
Profit and total comprehensive income for the year	44,992	395,321	367,696
Attributable to:			
Owners of the parent	57,623	442,121	367,253
Non-controlling interests	(12,631)	(46,800)	443

Our revenue increased during the Track Record Period, which is generally in line with our business expansion. Specifically, our revenue increased by 329.4% from RMB723.9 million in 2018 to RMB3,108.7 million in 2019, primarily attributable to (i) the increase in our aggregate GFA delivered by 244.4% from 147,609 sq.m. in 2018 to 508,350 sq.m. in 2019, and (ii) the increase in the ASP of properties delivered by 24.8% from RMB4,902 per sq.m. in 2018 to RMB6,115 per sq.m. in 2019. Our revenue increased by 26.9% from RMB3,108.7 million in 2019 to RMB3,946.1 million in 2020, primarily attributable to (i) the increase in our aggregate GFA delivered by 14.1% from 508,350 sq.m. in 2019 to 579,817 sq.m. in 2020; and (ii) the increase in the ASP of properties delivered by 11.3% from RMB6,115 per sq.m. in 2019 to RMB6,805.8 per sq.m. in 2020. During the Track Record Period, more property projects were completed and delivered in 2019 and 2020, and therefore the total GFA delivered in 2019 and 2020 was more than that of 2018. Our revenue growth rate in 2019 was significantly higher than revenue growth rate in 2020 primarily because our revenue in 2018 was significantly smaller than that in 2019, which in turn was primarily due to the significantly smaller GFA delivered in 2018.

Our Group develops and sells properties mainly in Anhui Province and the Yangtze River Delta. The following table sets forth our GFA delivered, revenue, ASP, gross profit and gross profit margin by city for the periods indicated. Gross profit margin of projects in Chuzhou increased significantly to 39.8% in 2019 from 13.4% in 2018 primarily because the project in Chuzhou newly delivered in 2019, Chuzhou Joy Shire (British Mansion) (滁州和悦郡(英倫華第)), had higher ASP and lower land costs per sq.m. Gross profit margin of projects in Chuzhou further decreased to approximately 26.6% in 2020, primarily because we delivered Chuzhou Sanyue Lanshan (Langya House) (滁州三悦瀾山(琅琊府)) in the same year, which had comparatively higher land costs as the project was located at the center of Chuzhou city. Gross profit margin of projects in Mingguang decreased to 15.9% in 2019 from 36.3% in 2018 primarily because the project in Mingguang newly delivered in 2019, Mingguang No. 1 Yard (明光壹號院), had comparatively higher land costs per sq.m. Gross profit margin of projects in Mingguang further decreased to 9.7% in 2020, primarily because land acquisition costs for the commercial properties of Mingguang No. 1 Yard was comparatively higher. Gross profit margin of projects in Bozhou decreased from 35.2% in 2019 to 32.5% for the same period in 2020 primarily due to a new project delivered in 2020, namely, Bozhou Bo's Mansion (亳州亳公館), which had comparatively lower ASP as the project is not at a prime location of the city. Gross profit margin of projects in Lixin decreased from 36.9% in 2019 to 23.8% in 2020, primarily because (i) two projects, namely, Lixin Platinum House (利辛鉑悦府) and Lixin Wenzhou House (利辛文州府), had comparatively higher land acquisition costs per sq.m., as the relevant land parcels were acquired in 2018 when the local land market was heated.

	For the year ended December 31,														
	2018					2019					2020				
	GFA delivered	Recognized Revenue	Recognized ASP	Gross profit	Gross profit margin	GFA delivered	Recognized Revenue	Recognized ASP	Gross profit	Gross profit margin	GFA delivered	Recognized Revenue	Recognized ASP	Gross profit	Gross profit margin
	(sq.m.)	*RMB'000*	*(RMB/ sq.m.)*	*RMB'000*	*(%)*	*(sq.m.)*	*RMB'000*	*(RMB/ sq.m.)*	*RMB'000*	*(%)*	*(sq.m.)*	*RMB'000*	*(RMB/ sq.m.)*	*RMB'000*	*(%)*
Chuzhou[(1)]	43,815	189,010	4,314	25,297	13.4	94,490	540,653	5,722	214,974	39.8	120,280	840,932	6,991	223,897	26.6
Mingguang	59,215	252,518	4,264	91,618	36.3	59,632	296,026	4,964	47,111	15.9	77,656	372,785	4,800	36,077	9.7
Lixin	27,796	179,123	6,444	61,976	34.6	83,685	553,457	6,614	204,172	36.9	142,754	985,338	6,902	234,829	23.8
Bozhou[(2)]	16,783	103,263	6,153	27,947	27.1	170,184	1,200,361	7,053	422,927	35.2	165,047	1,331,211	8,066	432,094	32.5
Fengyang	–	–	–	–	–	100,359	518,229	5,164	89,433	17.3	4,060	32,874	8,097	6,291	19.1
Shandong	–	–	–	–	–	–	–	–	–	–	70,020	382,951	5,469	131,773	34.4
Total	147,609	723,914	4,904	206,838	28.6	508,350	3,108,726	6,115	978,617	31.5	579,817	3,946,091	6,806	1,064,961	27.0

Notes:

(1) Excludes Mingguang and Fengyang.

(2) Excludes Lixin

The following table sets forth the revenue from sale of properties, GFA delivered, ASP, gross profit and gross profit margin by property type for the periods indicated. Gross profit margin of commercial properties decreased to 42.8% in 2019 from 62.9% in 2018 primarily because the three property projects our Group delivered in 2019, namely, phase II of Chuzhou Fragrance Shire (滁州香頌名郡), phase I of Lixin British Mansion (利辛英倫華第) and Bozhou No. 1 Yard (亳州壹號院), all of which had comparatively higher land acquisition costs.

	For the year ended December 31,														
	2018					2019					2020				
	GFA delivered	Recognized Revenue	Recognized ASP	Gross profit	Gross profit margin	GFA delivered	Recognized Revenue	Recognized ASP	Gross profit	Gross profit margin	GFA delivered	Recognized Revenue	Recognized ASP	Gross profit	Gross profit margin
	(sq.m.)	*RMB'000*	*(RMB/ sq.m.)*	*RMB'000*	*(%)*	*(sq.m.)*	*RMB'000*	*(RMB/ sq.m.)*	*RMB'000*	*(%)*	*(sq.m.)*	*RMB'000*	*(RMB/ sq.m.)*	*RMB'000*	*(%)*
Residential	138,681	654,964	4,723	167,377	25.6	476,693	2,779,497	5,831	840,762	30.2	535,793	3,549,223	6,624	903,512	25.5
Commercial	5,521	60,388	10,938	37,963	62.9	25,856	315,995	12,221	135,136	42.8	33,777	378,346	11,201	158,685	41.9
Carparks and underground storage space[1]	3,407	8,562	2,513	1,498	17.5	5,801	13,235	2,281	2,719	20.5	10,247	18,522	1,808	2,764	14.9
Total	147,609	723,914	4,902	206,838	28.6	508,350	3,108,726	6,115	978,617	31.5	579,817	3,946,091	6,544	1,064,961	27.0

Note:

(1) Includes nonsaleable carparks for which our Group transferred the right of use to customers. Carparks and underground storage space were not stand-alone projects.

Our profit and total comprehensive income increased from RMB45.0 million in 2018 to RMB395.3 million in 2019. Such increase was primarily in line with the increase in our revenue from RMB723.9 million in 2018 to RMB3,108.7 million in 2019, which was primarily attributable to our business expansion.

We had a decrease in our net profit in the year ended December 31, 2020 as compared to that in 2019, primarily due to (i) an increase in our selling and marketing expenses, which in turn was mainly driven by an increase in our marketing and advertisement cost and an increase in our sales commission, both resulting from the increase in budget put into market promotion efforts; and (ii) an increase in our administrative expenses, which in turn was mainly driven by an increase in our staff cost, office, hospitality and travel expenses resulting from our continuous effort to penetrate and expand to more cities in the targeted regions, increase in office expenditures as more projects are expected for the year ended December 31, 2020, and increase in property management fees and office lease payments as we relocated to a larger area headquarters office building in 2020.

The table below sets forth components of our cost of sales in absolute amounts and as percentage of total cost of sales for the periods indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Cost of properties sold:						
Construction and labor costs	315,847	61.1	1,133,651	53.2	1,411,064	49.0
Land use rights costs	142,883	27.6	716,532	33.6	1,102,115	38.2
Capitalized interest	58,346	11.3	279,926	13.2	367,951	12.8
Total	517,076	100.0	2,130,109	100.0	2,881,130	100.0
Average cost per sq.m. sold *(RMB)*[(1)]	3,503.0	–	4,190.2	–	4,969.0	–
Average land use rights cost per sq.m. sold *(RMB)*[(2)]	968.0	–	1,409.5	–	1,900.8	–

Notes:

(1) Refers to the average cost of our properties sold and is derived by dividing the sum of construction and labor costs, land use rights costs and capitalized interest for a period by the total GFA delivered in that period.

(2) Refers to the average land use rights cost of our properties sold and is derived by dividing the land use rights costs for a period by the total GFA delivered in that period.

Our cost of sales fluctuated primarily in line with the fluctuations of our revenue, which was in turn affected by the GFA delivered during the same period. In addition, the land use rights costs and construction and labor costs vary according to the location of land parcels and the type of properties. Our average cost per sq.m. sold increased by 19.6% in 2019 as compared with 2018, primarily attributable to (i) increase in our average land use rights costs by 45.6% in 2019 as compared with 2018, and (ii) increase in our average construction costs per sq.m by 4.2% in 2019 as compared with 2018. Our average cost per sq.m. sold increased by 18.6% in 2020 as compared with in 2019, primarily attributable to (i) increase in our average land use rights costs per sq.m. by 34.9% in 2020 as compared with in 2019; and (ii) increase in our average construction and labor costs per sq.m. by 9.4%in 2020 as compared with in 2019. Our average construction and labor costs per sq.m. sold slightly increased to RMB2,230.1 in 2019 from RMB2,139.8 in 2018 primarily attributable to the comparatively high average construction and labor costs per sq.m. of certain of our projects, particularly Bozhou Park Villa (亳州公園墅) and Fengyang No. 1 Yard (鳳陽壹號院), which primarily resulted from the increase in labor costs and material costs such as cement during the construction period for these projects. Our average construction and labor costs per sq.m. sold increased to RMB2,439.6 in 2020 compared with in 2019 primarily attributable to the comparatively high average construction and labor costs per sq.m. of certain of our projects, particularly Lixin No. 1 Yard (利辛壹號院), Bozhou Gongguan (亳州公館), Bozhou Park Alley (亳州公園里) and Chuzhou Sanyue Lanshan (Langya House) (滁州三悦瀾山(琅琊府)), which primarily resulted from the increase in labor costs and material costs such as cement during the construction period for these projects. Our average land use rights cost per sq.m. sold increased to RMB1,409.9 in 2019 from RMB968.0 in 2018 primarily due to that the average land use rights costs for certain properties delivered in 2019, such as Lixin No. 1 Yard (利辛壹號院), Bozhou Park Villa (亳州公園墅) and Fengyang No. 1 Yard (鳳陽壹號院), were higher than the average land use rights costs for properties delivered in 2018, as such projects are generally located in the core districts and transportation hubs of the respective cities/counties. Our average land use rights cost per sq.m. sold increased to RMB1,900.8 in 2020 compared with in 2019 primarily due to that the average land use rights costs for certain properties delivered in 2020, such as Lixin No. 1 Yard (利辛壹號院), Bozhou Gongguan (亳州公館), Bozhou Park Alley (亳州公園里) and Chuzhou Sanyue Lanshan (Langya House) (滁州三悦瀾山(琅琊府)), were higher than the average land use rights costs for properties delivered in 2019, as such projects are generally located the core districts and transportation hubs of the respective cities/counties.

Our gross profit increased from RMB206.8 million in 2018 to RMB978.6 million in 2019, and then further increased to RMB1,065.0 million in 2020. Our gross profit margins increased from 28.6% in 2018 to 31.5% in 2019 and then decreased to 27.0% in 2020. The fluctuation of our gross profit was primarily due to the fluctuation of our GFA delivered. The fluctuation in our gross profit margins was primarily due to the variation of gross profit in different property projects, which was as a result of the selling prices, the construction and labor costs and the land use rights costs of our properties. Our gross profit margin increased to 31.5% in 2019 from 28.6% in 2018, primarily due to contributions from the completion and delivery of Chuzhou Joy Shire (British Mansion) (滁州和悦郡(英倫華第)) and Lixin British Mansion (利辛英倫華第) in 2019 which recorded comparatively higher gross profit margins. Chuzhou Joy Shire (British Mansion) (滁州和悦郡(英倫華第)) had higher gross profit margin in 2019 as the average land acquisition costs per sq.m. sold of this project was comparatively low due to local market conditions. Lixin British Mansion (利辛英倫華第) has comparatively high gross profit margin in 2019 as properties delivered under this project had comparatively high ASP, which was the result of the prevailing price, alongside with an upward trend in price, in the local market. Our gross profit margins decreased to 27.0% in 2020 from 31.5% in 2019, primarily due to decrease in gross profit margin of four projects newly delivered in the same period, namely, Bozhou Gongguan (亳州公館), Lixin Platinum House (利辛鉑悦府), Lixin Wenzhou House (利辛文州府) and Chuzhou Sanyue Lanshan (Langya House) (滁州三悦瀾山(琅琊府)), partially offset by the comparatively high gross profit margin from Ningyang Platinum House (寧陽鉑悦府) and Bozhou Park Alley (亳州公園里).

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	189,710	388,489	486,141
Total current assets	7,546,862	12,987,942	16,477,338
Total current liabilities	7,231,584	11,567,482	14,341,954
Net current assets	315,278	1,420,460	2,135,384
Total non-current liabilities	–	928,242	1,078,970
Total equity/Net assets	504,988	880,707	1,542,555
Non-controlling interest	162,329	300,201	594,796

Our net current assets increased from RMB315.3 million as of December 31, 2018 to RMB1,420.5 million as of December 31, 2019 primarily due to increases in (i) properties under development; (ii) prepayments, other receivables and other asset as we expanded our business; (iii) restricted cash and (iv) completed properties held for sale, partially offset by increases in contract liabilities, interest-bearing loans and other borrowings as well as other payables and accruals. Such changes were in line with our business expansion. Our net current assets increased from RMB1,420.5 million as of December 31, 2019 to RMB2,135.4 million as of December 31, 2020 primarily due to (i) increase in our number of projects under development, prepayments and other receivables, and (ii) decrease in other payables and accruals, and (iii) partially offset by increase in contract liabilities, which in turn was primarily attributable to the sale/pre-sale proceeds received in relation to contracted sales occurred towards the end of 2019. This was partially due to the mortgage approval process, as it usually takes two to three months for mortgage banks to approve mortgage loan applications and disburse loan proceeds.

Our net assets increased from RMB505.0 million as of December 31, 2018 to RMB880.7 million as of December 31, 2019, reflecting an increase in our equity, which in turn was primarily attributable to our profit for the year ended December 31, 2019 of approximately RMB395.3 million, and capital contribution from non-controlling shareholders of approximately RMB192.5 million, partially offset by capital payment to the then equity shareholders under common control of approximately RMB200.0 million. Our net assets further increased to RMB1,542.6 million as of December 31, 2020, reflecting a further increase in equity in 2020, which in turn was primarily attributable to our profit for the year ended December 31, 2020 of approximately RMB367.7 million and capital contribution from non-controlling shareholders of approximately RMB263.2 million.

Summary of Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the periods indicated:

	For the year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Operating cash flows before movements in working capital	102,665	744,926	690,066
Change in working capital	22,559	(1,845,106)	(474,449)
Interest and tax paid	(551,547)	(798,312)	(574,065)
Net cash flows used in operating activities	(426,323)	(1,898,492)	(358,448)
Net cash flows (used in)/from investing activities	(65,888)	(112,527)	48,463
Net cash flows from financing activities	526,133	2,214,885	481,900
Net increase in cash and cash equivalents	33,922	203,866	171,915
Cash and cash equivalents at beginning of the year	47,727	81,649	285,515
Cash and cash equivalents at the end of the year	81,649	285,515	457,430

In 2020, our net cash flows used in operating activities were RMB358.4 million, which was the result of (i) cash generated from in operations of RMB208.0 million; (ii) interest paid of RMB239.7 million; and (iii) tax paid of RMB334.3 million, partially offset by interest received of RMB7.6 million. Net cash used in operations was primarily the result of (i) profit before tax of RMB643.3 million; (ii) positive cash flow before changes in working capital of RMB690.1 million; and (iii) negative changes in working capital of RMB474.4 million.

In 2019, our net cash flows used in operating activities were the result of (i) cash used in operations of RMB1,106.5 million; (ii) interest paid of RMB123.1 million; and (iii) tax paid of RMB675.3 million, partially offset by interest received of RMB6.3 million. Net cash used in operations was primarily the result of (i) profit before tax of RMB682.6 million; (ii) positive cash flow before changes in working capital of RMB744.9 million; and (iii) negative changes in working capital of RMB1,845.1 million.

In 2018, our net cash flows used in operating activities were the result of (i) cash used in operations of (i) interest paid of RMB61.2 million; and (ii) tax paid of RMB490.3 million; partially offset by (i) interest received of RMB2.4 million and (ii) cash generated from operations of RMB122.8 million. Net cash generated from operations was primarily the result of (i) profit before tax of RMB87.8 million; (ii) positive cash flow before changes in working capital of RMB102.7 million; and (iii) positive changes in working capital of RMB22.6 million.

We recorded net operating cash outflows of RMB426.3 million, RMB1,898.5 million and RMB358.4 million for the years ended December 31, 2018, 2019 and 2020. Such fluctuation was primarily due to the compound effect of (i) the increase in our property development activities which requires capital investment, and (ii) the mismatch in time between the cash outflows incurred for property developments and the cash inflows generated by our property projects. Specifically, our net operating cash outflow increased to RMB1,898.5 million in 2019 mainly attributable to the increase in our number of projects in 2019. For instance, we commenced development of 15 projects (including one developed by one of our associates) in the year of 2019, and accordingly recorded operating cash outflows for the increase in properties under development and properties held for sale in the amount of RMB4,451.4 million, while only recorded operating cash inflows for increase in contract liabilities in the amount of RMB2,125.5 million. Though certain of these projects commenced pre-sale towards the end of 2019, most of such 15 projects commenced pre-sales in 2020, and all such projects contributed a major portion of cash inflows in 2020, such as Lixin State Guest Garden (利辛國賓府臻園), Guoyang Territory (渦陽江山印), Hefei Cloud Garden (合肥雲著園), Nanjing Fortune Shire (南京如意郡) and Suzhou Guojian Elegance (宿州國建華), and the cash inflows derived from these projects will diminish in 2021. Our project development cycle also explains for the mismatch of cash outflows and cash inflows in time. Our project development cycle generally ranges from approximately two to three years. It typically takes seven to 12 months commencing from land acquisition to the commencement of pre-sales, and approximately 18 to 30 months from the commencement of pre-sale to the date of the completion certificate, depending on the scale of the properties and the market conditions.

To achieve sufficient working capital, we intend to improve our cash flow position by (i) increasing cash inflows associated with the sales and pre-sales of our properties by implementing rigorous payment incentive policy and enhancing payment collection from customers. We intend to continue monitoring our development and construction schedules, property sales and land acquisition plans based on the cash inflows associated with existing and planned external financing opportunities, including but not limited to the issuance of corporate bonds or other debt offerings; and (ii) controlling cash outflows by controlling our costs and better utilizing the payment terms under the construction agreements provided by our general contractors through negotiation and the establishment of strategic relationships, in order to optimize the payment schedules for construction fees to match our proceeds collection and property sales plan. Our payment incentive policy typically involve, among others, more discounts and benefits for property purchasers who make lump-sum payments as compared to the discounts offered to property purchasers who use mortgage loans and pay the purchase price in installments. Further, we enhanced payment collection from customers primarily by tying the bonuses to our relevant employees to several factors, including payment collection from customers. Our Directors are of the view that the above-mentioned measures will enable us to achieve more sufficient working capital and our Group will have sufficient working capital for our operations and expansion plans, given the measures we intend to implement and taking into account (i) our cash on hand; (ii) future cash inflows including sales proceeds, proceeds from borrowings, net proceeds from the Global Offering, repayment of advances to non-controlling shareholders of subsidiaries; and (iii) future cash outflows including land acquisition costs, construction costs, retention deposits, repayment of borrowings, repayment of advances from non-controlling shareholders of subsidiaries and third parties and others.

See "Financial Information—Liquidity and Capital Resources—Cash Flow Analysis" and "Risk Factors—Risks Relating to Our Business—We may not have sufficient funding for our future land acquisitions and property developments on commercially reasonable terms, or at all" in this prospectus.

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,		
	2018	2019	2020
Current ratio *(times)*[(1)]	1.0	1.1	1.1
Net gearing ratio *(%)*[(2)]	Net cash	22.9	Net cash
Return on equity *(%)*[(3)]	8.9	44.9	23.8
Gross profit margin *(%)*[(4)]	28.6	31.5	27.0
Net profit margin *(%)*[(5)]	6.2	12.7	9.3
Interest coverage ratio *(times)*[(6)]	1.4	2.7	2.1
Gearing ratio *(%)*[(7)]	140.5	204.0	135.9

Notes:

(1) Equals current assets divided by current liabilities as of the end of the respective period.

(2) Equals total interest-bearing borrowings less cash and cash equivalents, restricted cash and pledged deposits divided by total equity as of the end of the respective period and multiplied by 100%.

(3) Equals net profit for the year divided by total equity at the end of the year and multiplied by 100%.

(4) Equals gross profit divided by total revenue for the respective period and multiplied by 100%.

(5) Equals net profit divided by total revenue for the respective period and multiplied by 100%.

(6) Profit for the year before income tax expenses, adding interest expenses, divided by interest expenses; interest expenses refer to the finance costs on our consolidated financial statement for the respective year with capitalized interest added back.

(7) Equals total borrowings divided by total equity as of the end of the respective period and multiplied by 100.

Our gearing ratio increased from 140.5% as of December 31, 2018, to 204.0% as of December 31, 2019, primarily due to increases in our total borrowings as a result of our increasing financing needs in line with our growing land acquisition and property development. Our gearing ratio decreased to 135.9% as of December 31, 2020, primarily because (i) we endeavored to reduce our gearing ratio in 2020, and (ii) the increase in our equity outpaced the increase in borrowings in the same year. Gearing ratios of our industry peers, all of which are located in the Yangtze River Delta and have similar type of operation with us, range from 117.9% to 284.8%. We plan to keep our gearing ratio on a level that is reasonable for our business scale and comparable to our industry peers.

Access and Cost of Financing

During the Track Record Period, we financed our operations primarily through (i) cash generated from operations, primarily including proceeds from the pre-sale of our properties; and (ii) external financings, such as borrowings from commercial banks, trust financing and other financing arrangements. As of December 31, 2018, 2019 and 2020, our total outstanding borrowings amounted to RMB709.7 million, RMB1,757.1 million and RMB2,096.5 million, respectively. Below is a summary of our Group's financings during the Track Record Period.

The table below sets forth a breakdown of our total borrowings by type of financing as of the dates indicated:

	As of December 31,						As of April 30, 2021	
	2018		2019		2020			
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Bank borrowings	–	–	484,990	27.6	908,220	43.4	917,267	38.5
Trust and asset management financings	300,416	42.3	731,427	41.6	791,261	37.7	1,014,434	42.6
Other borrowings	409,243	57.7	540,643	30.8	396,971	18.9	449,000	18.9
Total	**709,659**	**100.0**	**1,757,060**	**100.0**	**2,096,452**	**100.0**	**2,380,701**	**100.0**

The table below sets out a breakdown of our weighted average effective interest rate by type of financing as of the dates indicated:

	As of December 31,		
	2018	2019	2020
	%	%	%
Bank borrowings	–	7.1	7.4
Trust and asset management financings	15.1	12.6	12.6
Other borrowings	13.8	12.6	10.5
Overall	**14.0**	**12.3**	**9.4**

Trust and asset management financings

As with many other property developers in the PRC, we may enter into financing arrangements with trust companies, asset management companies and their financing vehicles, as well as other financial partners in the ordinary course of business to finance our property development and other related operations. These financing arrangements can be categorized into trust financing and other financing arrangements, and the financings obtained through such arrangements are used strictly in accordance with the requirements under the financing agreements we entered into with financial institutions and other financial partners. Compared with bank borrowings, such financing arrangements usually offer better fund availability, faster approval process and more flexible repayment requirements, which constitute an effective alternative source of funding for some of our projects, particularly during the tightened banking credit environments. While trust financing providers, asset management companies and other financial institutions generally do not link their interest rates to the PBOC benchmark lending rates, they typically charge higher interest rates than those charged by commercial banks. In addition, trust financing is under the supervision and monitoring of the CBIRC and is required to comply with notices and regulations promulgated by the CBIRC. The CBIRC may impose stringent requirements on providers of trust financing, such as restrictions on providing trust loans to property projects that have not obtained the requisite land use rights certificates, construction land planning licenses, construction work planning licenses and construction work commencement licenses. Such measures could limit the amount that trust financing providers, asset management companies and other financial institutions can make available for the PRC property development industry as a whole and to us. As such, any increase in interest rates offered to us and the general credit availability may impact our real estate development business. In addition, our trust and asset management financing arrangements may involve pledges of equity interests in the relevant project companies, and the lenders may enforce the pledges in case of default pursuant to the financing agreements. At maturity, and upon the satisfaction of the terms for repayment, the pledge of the equity interests in the relevant company will be released.

For additional information as to the relevant laws and regulations applicable to trust financing arrangements, see "Regulatory Overview—Real Estate Financing—Trust and Asset Management Financing" in this prospectus. Other financing arrangements refer to financial arrangements, such as corporate borrowings, with other financial partners. For more information about our various forms of financings, please see "Financial Information—Indebtedness" and "Business—Project Financing."

During the Track Record Period, we had a relatively heavy reliance on trust and asset management financings as compared to other financing channels.

Bank loans

Bank loans from commercial banks are subject to substantial laws and regulations imposed by the PRC governments. In particular, we are highly susceptible to any regulations or measures adopted by the PBOC that restrict bank lending, especially those that restrict the ability of real estate developers to obtain bank financing. In recent years, the PRC governments have tightened the restrictions on lending, especially to real estate developers. For details, see "Regulatory Overview—Real Estate Financing." As commercial banks in the PRC link the interest rates on their loans to benchmark lending rates published by the PBOC, we expect that any increase in the benchmark lending rates will increase our borrowing costs.

Financial Ratios under the Proposed PBOC Standard

Recently, news articles on the PBOC's plans to control the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers began to emerge. See "Risk Factors—Risks Relating to Our Business—In the event that the PRC government promulgates the proposed PBOC standards as reported, our Group's financial positions may be adversely affected." The table below sets forth the proposed limits on financial ratios for property developers, and our pro forma financial as of December 31, 2018, 2019 and 2020.

	Proposed PBOC standards	Pro forma ratios of our Group as of December 31,[(4)]		
		2018	2019	2020
Liability asset ratio[(1)]	=<70%	80.8%	85.1%	79.4%
net gearing ratio[(2)]	=<100%	–24.0%	22.9%	–9.4%
cash to short-term borrowing ratio[(3)]	>=1.0	1.2	1.8	2.1

Notes:

(1) Calculated as total liabilities less contract liabilities divided by total assets less contract liabilities.

(2) Calculated as total interest-bearing liabilities (including bank borrowings, trust and asset management financings and other borrowings) less cash and bank balances divided by total equity.

(3) Calculated as cash and bank balances divided by short-term interest bearing liabilities.

(4) Calculation of the three financial ratios under the proposed PBOC standards takes into account our Group's total interest-bearing borrowings.

Pursuant to the proposed PBOC standards, the PBOC will instruct banks directly to restrict the amount of borrowings extended to a property developer, if such property developer fails to comply with one or more of the proposed three limits on financial ratios. The table below sets forth the proposed limits on a property developer's ability to increase its interest-bearing liabilities depending on its status of compliance with the proposed limits on financial ratios.

Status of compliance with the proposed limits on financial ratios	Proposed limits on increases in interest-bearing liabilities
Compliance with all three of the limits on financial ratios	Size of interest-bearing liabilities shall increase by less than 15% annually
Compliance with two of the three limits on financial ratios	Size of interest-bearing liabilities shall increase by less than 10% annually
Compliance with one of the three limits on financial ratios	Size of interest-bearing liabilities shall increase by less than 5% annually
Failure to comply with any one of the three limits on financial ratios	Size of interest-bearing liabilities shall not increase at all

The above-mentioned standard proposed by the PBOC has not come into effect. We will continue to monitor the relevant regulatory updates to ensure our compliance in this regard. As such, in the event that the above-mentioned standards as reported in the news articles comes into effect, we may fail to comply with one of the above-mentioned three limits, namely the liability asset ratio, and increases in the size of our interest-bearing debts would be limited to 10.0% annually. We believe our business operations and financial position would not experience any material adverse change in the event that the proposed regulation comes into effect, considering that: First, our existing projects under development or held for future development enjoy sufficient working capital and would not be adversely affected, given that (1) we may fund our existing projects under development with proceeds from pre-sale and sale activities, our cash and cash equivalents as of December 31, 2020 of approximately RMB457.4 million, and 10.0% of the net proceeds from the Global Offering of approximately RMB62.1 million, and (2) some of our loans are on a revolving basis, and we can incur new borrowings after repayment of old ones without exceeding the proposed 10.0% regulatory limit on the annual increase in our interest-bearing liabilities. See "—Key Financial Ratios—Access and Cost of Financing—Access to Financings" and "Financial Information—Key Financial Ratios—Financial Ratios under the Proposed PBOC Standard." Based on the foregoing, we believe the financial resources mentioned under items (1) and (2) would be sufficient to cover construction costs for our existing projects under development or held for future development. In addition, we may freely adjust our land acquisition plans in response to the proposed regulation.

Financing strategies

We plan to reduce our reliance on trust and asset management financings. During the Track Record Period, our reliance on trust and asset management financings continuously decreased. As of April 30, 2021, trust and asset management financings accounted for 42.6% of our total borrowings, slightly higher than that as of December 31, 2020. We may from time to time in the future obtain further funding by accessing both the international and domestic capital markets, including but not limited to the issuance of corporate bonds, asset-backed securities programs and debt offerings, to diversify our financing sources, secure sufficient working capital and to support our business expansion. Going forward, we plan to adopt the following strategies to improve our performance in relation to financing related ratios, such as liability asset ratio, net gearing ratio and cash to short-term borrowing ratio: (i) increasing our working capital by increasing our profit from our business operations; (ii) increasing our equity through the Global Offering; (iii) introducing minority shareholders to increase the size of our total equity, (iv) collaborating with third-party financial institutions to enter into long-term financing arrangements instead of short-term financing arrangements; (v) strictly monitoring our use of cash during business operations to control costs; and (vi) enhancing our collection efforts to improve cash flows. As we continue to diversify our financing channels, we believe our reliance on trust and asset management financings will gradually decrease, and our overall weighted average effective interest rate will decrease.

Access to financings and working capital sufficiency

We would have access to different financing channels, including financings from banks, trust and asset management companies and other financing partners, even considering (i) the tightening of regulations by the CBIRC on trust and asset management financings for property developers, (ii) the event where the proposed PBOC standards comes into effect, and (iii) our outstanding borrowings as of April 30, 2021. In particular, some of our bank loans are on a revolving basis, and we can incur new borrowings after repayment of old ones without increasing the size of our aggregate interest-bearing liabilities. Moreover, our business grew fast during the Track Record Period and as our business continues to grow in the future, we expect to generate more cash from operations. In the event that we fail to obtain sufficient internal or external funds for our land acquisition and other expenditure, we may have to adjust our expansion plan accordingly, and our financial position and business operations may be adversely affected. See "Risk Factors—Risks Relating to Our Business—We may not have sufficient funding for our future land acquisitions and property developments on commercially reasonable terms, or at all."

We would have sufficient working capital for our business operations and project development, considering (i) our cash and cash equivalents balance; (ii) unutilized credit facilities; (iii) loans from commercial banks and borrowings from other financial institutions; and (iv) proceeds that are expected to be generated from our property projects. See "Business—Project Financing" and "Financial Information—Liquidity and Capital Resources—Working Capital."

OUR SHAREHOLDING STRUCTURE

Immediately upon completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised), Mr. Qian will, through his holding company Q Kun, be interested in 59.85% of our Shares, while his spouse Ms. An will, through her holding company Juan L, be interested in 5.7% of our Shares. Mr. Qian and Ms. An by virtue of their spousal relationship will, together with their holding companies, be deemed to be entitled to exercise in general meetings voting rights attached to Shares representing 65.55% of the issued share capital of our Company. Accordingly, Mr. Qian, Ms. An, Q Kun and Juan L are a group of Controlling Shareholders.

PRE-IPO INVESTMENT

Pursuant to a capital injection agreement dated May 28, 2019 entered into between Zhong Ying and Anhui Sanxun Investment, Zhong Ying agreed to inject approximately RMB26.9 million into Chuzhou Sanxun (of which approximately RMB10.5 million was contributed to the registered capital of Chuzhou Sanxun and the remainder to its capital reserve). The increase in share capital was registered on June 10, 2019 and Zhong Ying became a 5% shareholder of Chuzhou Sanxun on the same day. The injection of the additional capital was completed on August 5, 2019. Zhong Ying is a limited company incorporated in Hong Kong and wholly owned by Tongxun. At the time of such capital injection, Tongxun was wholly owned by Jiuxun, a company incorporated in the BVI, which in turn was wholly owned by Ms. Guo. On August 6, 2019, as part of the Reorganization, Jiuxun transferred all its issued shares in Tongxun to our Company in exchange for the allotment and issue of 500 Shares to Jiuxun. Immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme), Jiuxun will be interested in 3.75% of the issued share capital of our Company. Jiuxun has agreed not to sell, transfer or dispose the Shares for a period of six months following the Listing Date. See "History, Reorganization and Group Structure—Pre-IPO Investment" in this prospectus.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after Listing. We have applied for, and the Stock Exchange has granted, waivers exempting from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions—Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement". See "Connected Transactions" in this prospectus.

APPLICATION FOR THE OFFER SHARES

The application for the Hong Kong Offer Shares will commence on Wednesday, June 30, 2021 through to Monday, July 12, 2021. Such time period is longer than the normal market practice of 3.5 days. The application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving banks on behalf of our Company and the refund monies, if any, will be returned to the applicant(s) without interest on Friday, July 16, 2021. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Monday, July 19, 2021.

GLOBAL OFFERING STATISTICS(1)

Offer size:	Initially 25% of the enlarged issued share capital of our Company
Offering structure:	Initially 10% for the Hong Kong Public Offering (subject to adjustment) and 90% for the International Offering (subject to adjustment and the Over-allotment Option)
Over-allotment Option:	Up to 15% of the number of Offer Shares initially available under the Global Offering
Offer Price per Share:	HK$3.30 to HK$5.20 per Offer Share

	Based on an Offer Price of HK$3.30 per Offer Share	Based on an Offer Price of HK$5.20 per Offer Share
Market capitalization of our Shares(2)	HK$2,178.0 million	HK$3,432.0 million
Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company per Share(3)	HK$2.44	HK$2.90

Notes:

(1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme.

(2) The calculation of market capitalization is based on 165,000,000 Shares expected to be issued under the Global Offering, and assuming that 660,000,000 Shares are issued and outstanding after completion of the Capitalization Issue and immediately following the completion of the Global Offering.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company per Share is calculated after making the adjustments referred to in "Unaudited Pro Forma Financial Information" in Appendix II and on the basis that 660,000,000 Shares in issue immediately upon completion of the Capitalization Issue and the completion of the Global Offering without taking into account of any Shares which may be issued upon the exercise of the Over-allotment Option.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$620.6 million (assuming an Offer Price of HK$4.25 per Offer Share, being the mid-point of the indicative Offer Price range), after deducting the underwriting fees and expenses payable by us in the Global Offering and assuming no exercise of the Over-allotment Option. We intend to use the net proceeds of the Global Offering for the following purposes: (i) approximately 60%, or HK$372.4 million, will be used as the construction costs for the development of our existing property projects, namely, Lixin Platinum House (利辛鉑悦府), Suzhou Lingbi Qingfeng (宿州靈璧清楓) and Ningyang Platinum House (寧陽鉑悦府). See "Business—Our Property Projects" in this prospectus for further details of our projects; (ii) approximately 30%, or HK$186.2 million, will be used for land acquisition to increase our land bank by seeking and acquiring land parcels or suitable merger and acquisition opportunities in Anhui Province and other cities outside Anhui Province in which we plan to expand. See "Business—Our Strategies—Continue to Solidify Our Market Position in Anhui Province and Proactively Expand into Cities outside Anhui Province" and "Business—Our Property Projects" in this prospectus for further details. As at the Latest Practicable Date, our Directors confirm that we had not identified any specific projects or lands for acquisition; and (iii) approximately 10%, or HK$62.1 million, will be used for general working capital purposes. See "Future Plans and Use of Proceeds" in this prospectus.

DIVIDEND AND DISTRIBUTABLE RESERVES

We may distribute dividends by way of cash, stock or other means that we consider appropriate. Our Company has not declared dividends in the past. We do not currently have any dividend policy or plans. Our Board has absolute discretion as to whether to declare any dividend for any year and in what amount. The amount of dividends to be distributed to our Shareholders, if any, will depend upon our earnings, financial condition, 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, the declaration and/or payment of dividends may be limited by legal restrictions and/or by contracts or agreements that we or our subsidiaries may enter into in the future. Dividends may be paid only out of our distributable profits as permitted under the relevant laws. Under PRC laws, distributable reserves consist of net profit calculated according the PRC GAAP, which, in many aspects, differs from the generally accepted accounting principles in other jurisdictions, including IFRS. In addition, PRC laws and regulations also require a PRC-incorporated enterprise to set aside at least 10% of its after-tax profits as statutory reserves, which are not available for distribution as cash dividends. As of December 31, 2020, our Group had retained profits of RMB816.5 million, which will be available for distribution to the Shareholders of our Company after appropriation for statutory reserves. See "Financial Information—Distributable Reserves" and "—Dividend" in this prospectus.

RISK FACTORS

There are certain risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. The most significant risks are summarized as follows: (i) our business and prospects are heavily dependent on and may be adversely affected by the economic conditions in the PRC and the performance of the PRC property markets, particularly in Anhui Province; (ii) we may not be successful in managing our growth and expansion into new cities and regions; (iii) we may not be able to acquire land bank in desirable locations that are suitable for our development at commercially acceptable prices or at all; (iv) we may not have sufficient funding for our future land acquisitions and property developments on commercially reasonable terms, or at all; and (v) we may not be able to complete our projects according to their planned schedules and budgets which may adversely affect our business and financial condition.

These risks are not the only significant risks that may affect the value of the Shares. A detailed discussion of all the risk factors involved are set forth in "Risk Factors" and you should read the whole section carefully before you decide to invest in the Offer Shares.

LISTING EXPENSES

The listing expenses in connection with the Global Offering consist primarily of underwriting commissions and professional fees. During the Track Record Period, we incurred listing expenses of approximately RMB29.6 million, of which RMB2.8 million, RMB12.7 million and RMB5.2 million were charged to our administrative expenses for the years ended December 31, 2018 and 2019 and 2020, and RMB8.8 million is expected to be accounted for as a deduction from equity upon completion of the Listing. We currently expect to incur further expenses amounting to RMB37.5 million subsequent to the end of the Track Record Period, of which RMB11.7 million will be charged to our income statement and RMB25.8 million will be charged to our equity. We currently estimate that listing expenses incurred and to be incurred will account for approximately 11.5% of the gross proceeds from the Global Offering, assuming the mid-point Offer Price and no Over-allotment Option is exercised. The above estimation have taken into account underwriting commissions for both the Hong Kong Public Offering and the International Offering. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2021.

NON-COMPLIANCE INCIDENTS

During the Track Record Period, we experienced certain incidents of non-compliances, such as non-compliances in connection with construction related permits or administrative procedures and social insurance and housing provident funds. See "Business—Non-compliance Incidents" in this prospectus.

During the Track Record Period, certain of our projects were involved in incidents relating to pre-sale proceeds, or the Pre-sale Proceeds Incidents. Commencing from April 1, 2020, we have been in compliance with applicable PRC laws and regulations as well as the local regulatory authorities' requirements governing the pre-sale proceeds. See "Business—Non-compliance Incidents—Non-compliance Incidents in Relation to Pre-sale Proceeds" and "Financial Information—Liquidity and Capital Resources—Net Current Assets—Restricted Cash" in this prospectus.

Our Directors are of the view, and the Sole Sponsor concurs, that the non-compliance incidents, including the Pre-sale Proceeds Incidents, did not and will not have any material advise impact on our business, operations and financial performance on the following grounds: (i) we had obtained confirmation letters from the competent local regulatory authorities confirming that the non-compliance incidents did not constitute material non-compliance under the applicable PRC laws and regulations, and accordingly our Group/the relevant project companies would not be subject to any administrative penalties; (ii) we had established internal control measures to ensure ongoing compliance, and our Internal Control Advisors are of the view that such internal control measures are adequate and effective to prevent similar future non-compliance; and (iii) based on our Directors' best estimates, our Group would have sufficient working capital had our Group fully complied with the applicable PRC laws and regulations during the Track Record Period. For further details, please see "Business—Non-compliance Incidents."

COMPETITIVE LANDSCAPE

The PRC real estate industry is highly fragmented and competitive. Our existing and potential competitors include major domestic developers, who have business operations in cities where we operate or intend to operate. We compete with them in relation to a number of factors, including land acquisition, brand recognition, financial resources, prices, product quality, service quality and other factors. See "Business—Competition" in this prospectus.

According to Anhui Economic and Information Bureau (安徽省經濟和信息化廳), among all private real estate enterprises headquartered in or primarily focusing on Anhui Province, we were ranked 3rd in terms of operating income in 2019. In March 2020, we were honored as one of the 2020 China Top 100 Real Estate Developers (2020年房地產百強企業) and 2020 China Star Real Estate Developers (2020年房地產百強之星) by China Real Estate Top 10 Research (中國房地產TOP 10研究組) based on a comprehensive assessment system covering seven secondary indicators: scale, profitability, growth, stability, financing, operation efficiency and social responsibility. In September 2020, we were honored as one of the 2020 Top 50 Brands of China Real Estate Companies (2020中國房地產公司品牌價值Top 50) by China Real Estate Top 10 Research. We were also honored as one of the Top 100 Real Estate Companies in China in Terms of Brand Value (中國房企品牌價值Top 100) and Top 100 Real Estate Companies in China in Terms of Overall Strength (中國房企綜合實力Top 100) by EH Consulting in August 2020.

RECENT DEVELOPMENTS

Our business operations had remained stable after the Track Record Period and up to the date of this prospectus as there were no material changes to our business model and the general economic and regulatory environment in which we operate. Based on unaudited management accounts, our revenue for the four months ended April 30, 2021 increased by more than 23.0% as compared with the four months ended April 30, 2020, primarily due to the increase in number of projects newly delivered; our gross profit for the four months ended April 30, 2021 decreased by more than 12.0% as compared with the four months ended April 30, 2020, which due to the decrease in gross profit margin; our gross profit margin for the four months ended April 30, 2021 decreased by approximately two percentage points as compared with the four months ended April 30, 2020, primarily attributable to the comparatively low gross profit margins of two projects namely, Lixin Platinum House (利辛鉑悦府) and Mingguang Park Villa (明光公園墅) commenced completion and delivery after April 30, 2020.

As of April 30, 2021, we had outstanding guarantees related to our customers' mortgages of approximately RMB7.95 billion.

Subsequent to April 30, 2021, being the date of the "Property Valuation Report" set out in Appendix III to this prospectus, and up to the Latest Practicable Date, we obtained one new land parcel with an aggregate land bank of 38,740 sq.m.

After due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial and trading position or prospects since December 31, 2020, and there is no event since December 31, 2020 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I.

The COVID-19 Outbreak

An outbreak of respiratory illness caused by a novel coronavirus, COVID-19, was identified in late 2019. The new strain of COVID-19 is considered highly contagious and may pose a serious public health threat. Since then, stringent containment measures including travel restrictions had been imposed in the PRC in an effort to contain the COVID-19 outbreak. The World Health Organization, or the WHO, is closely monitoring and evaluating the situation. On January 30, 2020, the WHO declared the outbreak of COVID-19 a Public Health Emergency of International Concern, or the PHEIC. The COVID-19 outbreak subsequently evolved into a pandemic, spreading across China. The outbreak, which may result in a high number of fatalities, is likely to have an adverse impact on the livelihood of the people in and the economy of the PRC. As advised by our industry consultant JLL, the COVID-19 pandemic shrank the global economy by 3.3% in 2020, while the global economy may probably increase by 6.0% in 2021, pursuant to the World Economic Outlook issued by the International Monetary Fund in April 2021. Further, due to impact of the COVID-19 pandemic, the PRC recorded a decrease in GDP for the first quarter of 2020 by 6.8%, while the GDP managed to increase by 2.3% in 2020, marking the only major economic entity in the world with positive economic growth. Our industry consultant JLL is of the view that the PRC economy has been gradually recovering commencing from the second quarter of 2020. The real estate market in the PRC may have been adversely impacted. All of the construction works and all of the pre-sale activities had been resumed since late March 2020. Further, the COVID-19 pandemic has resulted in suspension of pre-sale activities, and as a result, three of our projects located in Bozhou, Lixin and Ningyang experienced delays of pre-sale activities for approximately two to three months. As of the Latest Practicable Date, our Group had not encountered any material shortage in construction materials and labor, or any significant difficulty in project completion, pre-sales or sales of properties, and had not been materially and adversely affected by the COVID-19 pandemic. See "Business—Effects of the COVID-19 Outbreak." Our Group had not been materially and adversely affected by the COVID-19 pandemic as (i) the comparatively long project development cycle which would allow us to make up for the lockdown period to a certain extent by adjusting our construction and sales and marketing schedules, and (ii) according to our industry consultant JLL, it is expected that once the outbreak is effectively controlled, the outlook for the residential and commercial property market in these cities will remain positive. Our scheduled sales and pre-sales of certain properties had been delayed from 2020 to 2021, involving an aggregate expected sales and cash receipts from pre-sales of approximately RMB583.5 million in 2020. As of the Latest Practicable Date, approximately RMB500.7 million, or 85.8%, of such expected sales and cash receipts from pre-sales had been realized. The impact on our revenue from delivery of such affected projects was insignificant, given that the delivery of most of such properties, even after adjustments due to the COVID-19 pandemic, were within the same financial year. In addition, we took enhanced hygiene measures in response to the COVID-19 outbreak. For the year ended December 31, 2020, our expenses in relation to such enhanced hygiene measures amounted to approximately RMB0.5 million. This mainly represents the material costs for masks, ethanol hand wash, disinfectants and infrared thermometers. Our Directors confirm that the delay in cash receipts and additional costs associated with the enhanced measures would have no significant impact on our Group's business, operational and financial performance. Aside from the delay of sales and cash receipts from 2020 to 2021 and additional expenses incurred in relation to the enhanced hygiene measures, we did not experience any other pecuniary losses due to the COVID-19 pandemic.

In the worst case scenario where our Group's projects are completely suspended since April 30, 2021, we estimate that we can remain financially viable with 10.0% of the net proceeds from the Global offering for at least 12 months based on the following assumptions: (i) construction of our projects are completely suspended therefore no construction costs to be paid for; (ii) no proceeds from sale and pre-sale of properties to be received; (iii) only committed land purchases on or before April 30, 2021 will be paid for; (iv) only employee salaries and basic maintenance expenses in the administrative expenses and selling and distribution expenses will be paid, and those associated with pre-sale activities will not be paid; (v) no plant, property and equipment will be purchased; and (vi) repayment of advances from/to non-controlling shareholders will not be paid as the repayment schedule is correlated with construction progress of the relevant projects.

It also remains uncertain as to when the outbreak of COVID-19 will be entirely contained. In the event that the outbreak of COVID-19 is not effectively controlled within a short timeframe, our business, operational and financial performance may be materially and adversely affected as a result of the changes in the outlook of the property market, any slowdown in economic growth, negative business sentiment or other factors that we cannot foresee. See "Risk Factors—Risks Relating to Our Business—The COVID-19 Outbreak could affect our business and the national and regional economies in the PRC" in this prospectus.

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

"Anhui Sanxun Investment"	Anhui Sanxun Investment Group Co., Ltd.* (安徽三巽投資集團有限公司), a limited company established under the laws of the PRC on April 27, 2004 held as to 84% by Mr. Qian, 8% by Ms. An and 8% by Mr. Qian Bing
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them which is used in relation to the Hong Kong Public Offering
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company adopted on June 23, 2021 which will become effective upon the Listing Date, as amended from time to time, a summary of which is set out in Appendix IV to this prospectus
"ASP"	average selling price
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Bing L"	Bing L Ltd., a company incorporated in the BVI with limited liability on November 14, 2018 and wholly owned by Mr. Qian Bing (錢冰), the father of Mr. Qian
"Board" or "Board of Directors"	our board of Directors
"Bozhou Jiantou Sanxun"	亳州建投三巽置業有限公司 (Bozhou Jiantou Sanxun Real Estate Co., Ltd.*) (formerly known as 亳州三巽鉑悅府置業有限公司 (Bozhou Sanxun Boyue House Real Estate Co., Ltd.*)), a limited company established under the laws of the PRC on January 3, 2018 and an indirect subsidiary of our Company, held as to 70% by Chuzhou Sanxun and 30% by Bozhou Jiantou Real Estate Development Co., Ltd. (亳州建投房地產開發有限公司*), an Independent Third Party save for its shareholding in Bozhou Jiantou Sanxun and Lixin Sanxun Jiantou

"Bozhou Sanxun"	亳州三巽置業有限公司 (Bozhou Sanxun Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on July 13, 2016 and an indirect wholly-owned subsidiary of our Company
"Bozhou Sanxun Chengnan"	亳州三巽城南置業有限公司 (Bozhou Sanxun Chengnan Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on December 15, 2016 and an indirect wholly-owned subsidiary of our Company
"Bozhou Sanxun Gongguan"	亳州三巽公館置業有限公司 (Bozhou Sanxun Gongguan Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on September 11, 2017 and an indirect wholly-owned subsidiary of our Company
"Bozhou Sanxun Jinfurong"	亳州三巽金芙蓉置業有限公司 (Bozhou Sanxun Jinfurong Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on August 15, 2017 and an indirect subsidiary of our Company, held as to 48% by Chuzhou Sanxun and 52% by Bozhou Chengchuang Construction Labor Co., Ltd. (亳州市誠創建築勞務有限公司), an Independent Third Party save for its shareholding in Bozhou Sanxun Jinfurong
"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, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalization Issue"	the issue of 494,990,000 new Shares to be made upon capitalization of an amount of HK$4,949.9 standing to the credit of the share premium account of our Company as referred to in "Statutory and General Information—A. Further Information about our Company—3. Written Resolutions of all the Shareholders passed on June 23, 2021" in Appendix V to this prospectus
"CBIRC"	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)

"CBRC"	China Banking Regulatory Commission (中國銀行業監督管理委員會)
"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 or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China", "PRC" or the "People's Republic of China"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not include, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Chuzhou Jiarui"	滁州嘉瑞投資發展有限公司 (Chuzhou Jiarui Investment Development Co., Ltd.*), a limited company established under the laws of the PRC on August 23, 2012 and an indirect subsidiary of our Company, held as to 60% by Chuzhou Sanxun and 40% by Anhui Yazhu Diamond Co., Ltd. (安徽亞珠金剛石股份有限公司*), an Independent Third Party save for its shareholding in Chuzhou Jiarui
"Chuzhou Sanxun"	滁州三巽置業有限公司 (Chuzhou Sanxun Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on March 31, 2010 and an indirect wholly-owned subsidiary of our Company
"Chuzhou Sanxun Chengnan"	滁州三巽城南置業有限公司 (Chuzhou Sanxun Chengnan Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on November 29, 2016 and an indirect wholly-owned subsidiary of our Company

"Chuzhou Sanxun Suchu"	滁州三巽蘇滁置業有限公司 (Chuzhou Sanxun Suchu Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on November 14, 2016 and an indirect wholly-owned subsidiary of our Company
"CIT"	corporate income tax
"close associate(s)"	has the meaning ascribed thereto in the Listing Rules
"Companies Act" or "Cayman Islands Companies Act"	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (WUMP) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", "we" or "us"	Sanxun Holdings Group Limited 三巽控股集團有限公司 (formerly known as Sanxun Limited), an exempted company incorporated under the laws of Cayman Islands with limited liability on November 23, 2018
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and in the context of this prospectus, means Mr. Qian, Ms. An, Q Kun and Juan L as a group of controlling shareholders
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Deed of Indemnity"	the deed of indemnity dated June 28, 2021 and executed by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in the section headed "Statutory and General Information—E. Other Information—1. Tax and other Indemnities" in Appendix V to this prospectus

"Deed of Non-competition"	the deed of non-competition dated June 28, 2021 and executed by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in the section headed "Relationship with Controlling Shareholders—Non-competition Undertakings" in this prospectus
"Director(s)"	director(s) of our Company
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
"Fengyang Sanxun"	鳳陽三巽置業有限公司 (Fengyang Sanxun Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on May 9, 2017 and an indirect wholly-owned subsidiary of our Company
"GDP"	gross domestic product
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group" or "our Group"	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HK$" or "HKD" or "Hong Kong Dollars"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 16,500,000 Offer Shares being initially offered by our Company for subscription at the Offer Price in the Hong Kong Public Offering, subject to reallocation as described in the section entitled "Structure of the Global Offering" in this prospectus
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong (subject to reallocation as described in the section entitled "Structure of the Global Offering") at the Offer Price on the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section entitled "Underwriting—Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated June 29, 2021, relating to the Hong Kong Public Offering and entered into by, among others, our Company, our Controlling Shareholders, the executive Directors, the Sole Global Coordinator and the Hong Kong Underwriters as further described in the section entitled "Underwriting" in this prospectus
"Huaibei Sanxun"	淮北三巽置業有限公司 (Huaibei Sanxun Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on April 4, 2018 and an indirect subsidiary of our Company, held as to 60% by Chuzhou Sanxun and 40% by Huaibei Yufanrun Trade Co., Ltd. (淮北璵璠潤貿易有限責任公司*), an Independent Third Party save for its shareholding in Huaibei Sanxun
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are independent of our Company and our connected persons

"International Offer Shares"	the 148,500,000 Offer Shares being initially offered by our Company for subscription at the Offer Price pursuant to the International Offering together with, where relevant, any additional Offer Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to adjustments as described in the section entitled "Structure of the Global Offering" in this prospectus
"International Offering"	the conditional offering of the International Offer Shares to professional, institutional and other investors by the International Underwriters on behalf of our Company as described in the section entitled "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters, led by the Sole Global Coordinator, who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, our Company, our Controlling Shareholders, the executive Directors, the Sole Global Coordinator and the International Underwriters and our Company on or about July 12, 2021
"JLL"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
"JLL Report"	a report commissioned by us and independently prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the industry consultant
"Joint Bookrunners"	CCB International Capital Limited, CRIC Securities Company Limited and BOCOM International Securities Limited
"Joint Lead Managers"	CCB International Capital Limited, CRIC Securities Company Limited, BOCOM International Securities Limited and Futu Securities International (Hong Kong) Limited

"Juan L"	Juan L Ltd., a company incorporated in the BVI with limited liability on November 12, 2018, and wholly owned by Ms. An and is one of our Controlling Shareholders
"land grant contract"	the state-owned land use rights grant contract (國有土地使用權出讓合同), an agreement between a land user and the relevant PRC governmental land administrative authorities
"land use rights certificate"	the state-owned land use rights certificate (國有土地使用證), a certificate (or certificates, as the case may be) concerning one's right to use a parcel of land
"LAT"	land appreciation tax (土地增值稅), as defined in the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) and the Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則)
"Latest Practicable Date"	June 21, 2021, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"Listing"	the listing of our Offer Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
"Listing Date"	the date, expected to be on or about July 19, 2021, on which dealings in the Offer Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Lixin Sanxun"	利辛縣三巽置業有限公司 (Lixin Sanxun Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on May 26, 2016 and an indirect wholly-owned subsidiary of our Company

"Lixin Sanxun Bangtai"	利辛縣三巽邦泰置業有限公司 (Lixin Sanxun Bangtai Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on March 9, 2018 and an indirect subsidiary of our Company, held as to 51% by Chuzhou Sanxun and 49% by Anhui Bangtai Real Estate Co., Ltd. (安徽邦泰置業有限公司*), an Independent Third Party save for its shareholding in various subsidiaries of our Company
"Lixin Sanxun Jiantou"	利辛縣三巽建投置業有限公司 (Lixin Sanxun Jiantou Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on May 18, 2017 and an indirect subsidiary of our Company, held as to 70% by Chuzhou Sanxun and 30% by Bozhou Jiantou Real Estate Development Co., Ltd., an Independent Third Party save for its shareholding in Bozhou Jiantou Sanxun and Lixin Sanxun Jiantou
"Lixin Sanxun Zhongtong"	利辛縣三巽中通置業有限公司 (Lixin Sanxun Zhongtong Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on July 31, 2018 and an indirect subsidiary of our Company, held as to 60% by Lixin Sanxun and 40% by Anhui Zhongtong Real Estate Co., Ltd. (安徽省中通置業有限公司), an Independent Third Party save for its shareholding in various subsidiaries of our Company
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company adopted on June 23, 2021, as amended from time to time
"Mingguang Sanxun"	明光三巽置業有限公司 (Mingguang Sanxun Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on November 2, 2015 and an indirect wholly-owned subsidiary of our Company
"Mingguang Sanxun Mingzhong"	明光三巽明中置業有限公司 (Mingguang Sanxun Mingzhong Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on July 3, 2017 and an indirect wholly-owned subsidiary of our Company

"Mingguang Sanxun Yihaoyuan"	明光三巽壹號院置業有限公司 (Mingguang Sanxun Yihaoyuan Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on May 15, 2017 and an indirect wholly-owned subsidiary of our Company
"MLR"	Ministry of Land and Resources of the PRC (中華人民共和國國土資源部), the predecessor of Ministry of Natural Resources of the PRC (中華人民共和國自然資源部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOHURD"	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)
"Mr. Qian"	Mr. Qian Kun (錢堃), our chairman, executive Director and one of our Controlling Shareholders. Mr. Qian is the spouse of Ms. An
"Ms. An"	Ms. An Juan (安娟), our president, executive Director, chief executive officer and one of our Controlling Shareholders. Ms. An is the spouse of Mr. Qian
"Ms. Guo"	Ms. Sandy Lan Hua Guo (郭蘭華), our pre-IPO investor who owns the entire issued share capital of Jiuxun Limited
"MWh"	megawatt-hour, a unit of measure of electric energy
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Ningyang Sanxun"	寧陽三巽置業有限公司 (Ningyang Sanxun Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on June 11, 2018 and an indirect wholly-owned subsidiary of our Company
"Nomination Committee"	the nomination committee of our Board

"Non-PRC Resident Enterprise"	as defined under the current PRC income tax laws, means companies established pursuant to a non-PRC law with their de facto management conducted outside the PRC, but which have established organizations or premises in the PRC, or which have generated income within the PRC without having established organizations or premises in the PRC
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the Hong Kong Offer Shares are to be subscribed and to be determined in the manner further described in the section entitled "Structure of the Global Offering—Pricing and Allocation" in this prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Offer 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 Sole Global Coordinator (for itself and on behalf of the other 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 24,750,000 additional Offer Shares (representing 15% of our Offer Shares initially being offered under the Global Offering) at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in the section entitled "Structure of the Global Offering" in this prospectus
"PBOC"	People's Bank of China (中國人民銀行)
"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

"Pre-IPO Investment"	the investment made by Zhong Ying, particulars of which are set out in "History, Reorganization and Corporate Structure—Pre-IPO Investment" in this prospectus
"PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as promulgated by the Standing Committee of the National People's Congress on December 29, 1993 and last amended on October 26, 2018
"PRC GAAP"	generally accepted accounting practices in the PRC
"PRC government"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the content requires, any of them
"PRC Legal Advisor"	Commerce & Finance Law Offices, the legal advisor to our Company as to the laws of the PRC
"Price Determination Agreement"	the agreement to be entered into by the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or about July 12, 2021, on which the Offer Price will be determined, or such later time as the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and our Company may agree, but in any event, not later than July 16, 2021
"Q Kun"	Q Kun Ltd., a company incorporated in the BVI with limited liability on November 12, 2018 wholly owned by Mr. Qian and is one of our Controlling Shareholders
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Board

"Reorganization"	the reorganization arrangements undergone by our Group in preparation for the Listing as described in the section "History, Reorganization and Corporate Structure—Reorganization"
"RMB" or "Renminbi"	the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (國家外匯管理局)
"SAIC"	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), the predecessor of SAMR
"SAMR"	State Administration for Market Regulation (國家市場監督管理總局)
"Sanxun (Anhui)"	三巽(安徽)企業管理有限公司 (Sanxun (Anhui) Enterprise Management Co., Ltd.*), a limited liability company established under the laws of the PRC on March 28, 2019 and an indirect wholly-owned subsidiary of our Company
"Sanxun (BVI)"	Sanxun Ltd., a company incorporated in the BVI with limited liability on December 7, 2018 and a wholly-owned subsidiary of our Company
"Sanxun (HK)"	Sanxun (HK) Limited, a company incorporated in Hong Kong with limited liability on December 18, 2018 and an indirect wholly-owned subsidiary of our Company
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share Option Scheme"	the share option scheme conditionally approved and adopted by us on June 23, 2021, a summary of whose principal terms is set out in "Statutory and General Information—D. Share Option Scheme" in Appendix V to this prospectus

"Shareholder(s)"	holder(s) of the Shares
"Shares"	ordinary shares in the capital of our Company with nominal value of HK$0.00001 each
"Sole Global Coordinator" or "Sole Sponsor"	CCB International Capital Limited
"sq.m."	square meters
"Stabilizing Manager"	CCB International Capital Limited
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement which may be entered into between Q Kun and Stabilizing Manager pursuant to which Stabilizing Manager may borrow up to 24,750,000 Shares from Q Kun for the purpose of covering any over-allocation under the International Offering
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed thereto in the Listing Rules
"Track Record Period"	the three years ended December 31, 2018, 2019 and 2020
"Tongxun"	Tongxun Limited, a company incorporated in the BVI with limited liability on May 7, 2019 and a wholly-owned subsidiary of our Company upon completion of the pre-IPO investment, further details of which are described in the section entitled "History, Reorganization and Corporate Structure—Pre-IPO Investment" in this prospectus
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement

"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency for the time being of the United States
"Valuation Date"	April 30, 2021 as defined in the Property Valuation Report in Appendix III to this prospectus
"**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/applicants' own name(s)
"**White Form eIPO**"	the application process for Hong Kong Offer Shares with applications to be issued in the applicant's own name by submitting applications online through the designated website at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Xuzhou Xunsheng"	徐州巽盛置業有限公司 (Xuzhou Xunsheng Real Estate Co., Ltd.*), a limited company established under the laws of the PRC on July 3, 2018 and an indirect subsidiary of our Company, held as to 51% by Chuzhou Sanxun and 49% by Xuzhou Wansheng Real Estate Co., Ltd.* (徐州萬盛置業有限公司), an Independent Third Party save for its shareholding in Xuzhou Xunsheng
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who requires such Hong Kong Offer Shares to be deposited directly into CCASS
"Zhong Ying"	Zhong Ying (HK) Limited (眾贏香港有限公司), a company incorporated in Hong Kong with limited liability on May 21, 2019 and an indirect wholly-owned subsidiary of our Company

The English translation of the PRC entities, enterprises, nationals, facilities, regulations in Chinese or another language included in this prospectus is for identification purposes only. To the extent there is any inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities, regulations and their English translations, the Chinese names shall prevail.

This prospectus contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. All statements other than statements of historical fact contained in this prospectus, including, without limitation, those regarding our future financial position, strategies, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate and any statements preceded by, followed by or that include the words "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, without limitation, the risk factors set forth under the section entitled "Risk Factors" in this prospectus and the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;

- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. We caution you not to place undue reliance on any forward-looking statements or information.

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

All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our consolidated financial statements and related notes, before you decide to buy our Offer Shares. If any of the circumstances or events described below actually arises or occurs, our business, financial condition, results of operations and prospects would likely suffer. In any such case, the market price of our Offer Shares could decline and you may lose all or part of your investment. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements as a result of many factors, including the risks described below.

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorized as (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to doing business in the PRC; and (iv) risks relating to the Global Offering.

RISKS RELATING TO OUR BUSINESS

Our business and prospects are heavily dependent on and may be adversely affected by the economic conditions in the PRC and the performance of the PRC property markets, particularly in Anhui Province.

Our business and prospects depend on the performance of the PRC property market. As of April 30, 2021, our Group and its associate had 44 projects at various stages of development with a total land bank of approximately 4.3 million sq.m. and established our presence in 12 cities, of which 34 property projects were located in Anhui Province, nine were located in Jiangsu Province and one was located in Shandong Province. These property markets are affected by local, regional, national and global factors, including economic and financial condition, speculative activities in local markets, demand for and supply of properties, investor confidence, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital. During the Track Record Period, a majority of our revenue was derived from sales of properties in Anhui Province, which amounted to RMB723.9 million, RMB3,108.7 million and RMB3,563.1 million, respectively, for the years ended December 31, 2018, 2019 and 2020, accounting for 100.0%, 100.0% and approximately 90.3% of our revenue for the same year, respectively. In 2020, sales of properties in Shandong province amounted to approximately RMB383.0 million, accounting for approximately 9.7% of our revenue for the same year. Any market downturn in China generally or in cities in which we have or expect to have operations may materially and adversely affect our business, financial condition and results of operations. In particular, the PRC property market is affected by a slowdown in China's economic growth in recent years. The real GDP growth in China has been decelerating in recent years from 7.0% in 2015 to 6.1% in 2019, while the growth rate in 2020 registered 2.3% under the influence of COVID-19 outbreak. The fixed asset investment growth rate in China has also experienced a general downtrend, with a persisting declination from 9.8% in 2015 to 2.7% in 2020. There have been increasing concerns over the sustainability of the real estate market growth in China. Factors such as decrease in available funds and investor confidence may influence demand for properties, including the properties we developed. As a result, the property market may experience oversupply of properties and idle housing inventory. Any oversupply of properties or any potential decline in the demand or prices for properties in the cities in which we operate or intend to operate could have a material and adverse impact on our cash flows, financial condition and results of operations.

Moreover, China's economic growth may also slow down due to weakened exports as well as recent developments surrounding the trade-war with the United States. In 2018, the U.S. government, under the administration of President Donald J. Trump, imposed several rounds of tariffs on various categories of imports from China, and China responded with similarly sized tariffs on U.S. products in retaliation. The trade war escalated in May 2019, when the United States increased tariffs on US$200 billion worth of Chinese products from 10% to 25%, and China increased tariffs on US$60 billion worth of U.S. goods in response. In August 2019, the U.S. Treasury declared China a currency manipulator. In September 2019, the U.S. implemented further tariffs on more than US$125 billion worth of Chinese goods, and China lodged a complaint in the World Trade Organization against the United States over the import tariffs. On January 15, 2020, the U.S. and Chinese governments signed the U.S.-China Economic and Trade Agreement (the "**Phase I Agreement**"). Under the Phase I Agreement, the U.S. agreed to cancel a portion of tariffs imposed on Chinese products, China promised additional purchases of U.S. goods and services, and both parties expressed a commitment to further improving various trade issues. Despite this reprieve, however, it remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. If either government violates the Phase I Agreement, it is likely that enforcement actions will be taken and trade tensions will escalate. Furthermore, additional concessions are needed to reach a comprehensive resolution of the trade war. The roadmap to the comprehensive resolution remains unclear, and the lasting impact the trade war may have on China's economy and the industries in which our Group operate remains uncertain.

Furthermore, our business is subject to extensive governmental regulation and, in particular, we are sensitive to policy changes in the PRC property sector. The PRC government has in recent years promulgated various control measures aimed at cooling the property sector and may adopt further measures to regulate this sector. See "—Risks Relating to Our Industry—Our operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate" in this section. We cannot assure you that such measures will not have a negative impact on our business or that the demand for new properties in cities and regions where we have or will have operations will continue to grow in the future or that there will not be overdevelopment or market downturn in the PRC property sector.

We may not be successful in managing our growth and expansion into new cities and regions.

In order to achieve sustainable growth, we need to continue to seek development opportunities in selected regions in the PRC with the potential for growth and where we have no existing operations. Our initial focus was primarily on the development of residential property projects in Anhui Province. As of April 30, 2021, our Group and its associate had 44 property projects under various stages of development with a total land bank of approximately 4.3 million sq.m., of which, approximately 3.6 million sq.m., or 83.0%, were located in Anhui Province. We intend to continue to expand our operations into major cities in other core business regions and pay attention to regions or districts which enjoy policy supports such as Nanjing and Wuhan, and enter into new markets that we believe have substantial growth potential in the future.

Expansion into new geographical locations and new businesses involves uncertainties and challenges as we may be less familiar with local regulatory practices and customs, customer preferences and behaviors, the reliability of local contractors and suppliers, business practices and environments and municipal-planning policies in relevant sub-markets. In addition, expanding our business into new geographical locations would entail competition with developers who have a better-established local presence or greater access to local labors, expertize and knowledge than we do. Furthermore, the construction, market and tax related regulations in our target cities may be different from each other and we may face additional expenses or difficulties in complying with new procedures and adapting to new environments. In addition, as we expand to an area we are not familiar with, our experience and operation model may not be readily transferable to the new business. The expansion into new areas, such as the provision of property development services, may expand our risk exposure and may not achieve the results we expect. Any failure to successfully leverage our experience or to sufficiently understand the property market in any other PRC province or city into which we expand our business may have a material adverse effect on our business, financial condition and results of operations.

As we may face challenges not previously encountered, we may fail to recognize or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage our past experience to meet challenges encountered in these new markets. For example, we may have difficulty in accurately predicting market demand for our properties in the cities into which we expand in such cities.

Apart from external challenges, we may also face difficulties in managing our projects. Although we have formulated a standardized operation model, failure to observe our standards or inconsistencies in compliance by our contractors or our project companies may have an adverse impact on our business operations and brand reputation. Further, expanding into new geographic locations and new businesses requires a significant amount of capital and management resources. We may not be able to manage the growth in our workforce to match the expansion of our business, and accordingly, experience issues such as capital constraints, construction delays or lack of expertized personnel. In addition, rapid expansion may require extensive capital investment and cash outflow, which may lead to increased pressure on our working capitals and vulnerability to liquidity issues. Any of these factors could have a material and adverse effect on our business, cash flow, financial condition, results of operations and prospects.

We may not be able to acquire land bank in desirable locations that are suitable for our development at commercially acceptable prices or at all.

The sustainable growth and success of our business depend significantly on our ability to continue acquiring additional land bank in desirable locations at commercially reasonable prices that are suitable for our projects. For the years ended December 31, 2018, 2019 and 2020, our land use rights costs amounted to approximately RMB142.9 million, RMB716.5 million and RMB1,102.1 million, respectively. During the same periods, an increase of 5% in land use rights costs may result in approximately 8.1%, 5.2% and 8.5% decrease/increase in our profit before tax for the respective year. See "Financial Information—Sensitivity Analysis of Historical Results" in this prospectus. During the Track Record Period, we acquired land for our projects primarily through participating in government-organized auctions and the listing-for-sale process. See "Business—Our Project Operation and Management—Market Research and Land Acquisition" in this prospectus.

Our success in obtaining land parcels depends on a variety of factors, such as the overall local economic conditions, the availability of land parcels provided by the government and in the secondary market, our effectiveness in estimating the profits of the acquired land parcels and the competition for such land parcels. The PRC government and relevant local authorities control the supply, price and planned usage of new land parcels. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC. See "Regulatory Overview—Land Use Rights for Real Estate Development" in this prospectus. Furthermore, the rapid development in major cities we plan to expand into in recent decades may have a limited supply of undeveloped land in desirable locations and at reasonable acquisition costs. Those factors may impose obstacles for us to acquire cost-competitive land.

In the future, we may acquire land parcels from third parties either directly or through the acquisition of equity interests in companies holding land use rights as a means to expand our business and land bank. We have set up a strategic investment center at the headquarters and investment management departments at local companies, covering Anhui, Shandong and Jiangsu provinces. Through finance institutions or asset trading institutions, we may collect information about land parcels or projects. However, we may face strong competition during the acquisition process and we may not be successful in selecting or valuing target companies or their land parcels appropriately. Moreover, there may not be adequate supply of acquisition targets. As a result, we may be unable to complete such acquisitions at reasonable cost, or at all. Also, such acquisitions contain inherent risks related to liabilities and obligations related to the land use rights and project development of the underlying project companies. We may be involved in various legal disputes caused by the original shareholders of the project companies and may be jointly liable for the damages. Despite the warranty clause there may be in the purchase agreement providing indemnity to us in certain circumstances, we cannot assure you that the circumstances in which we may be involved are covered under the indemnification clauses. Even if we are covered under such clauses, the seller may not fulfill their indemnification obligations in time, or at all. Should we encounter any circumstances related to the liabilities and obligations related to the land use rights and project development of the land we acquired from third parties, our business operations and financial condition may be materially and adversely affected. Further, the process of acquisition negotiation may be time-consuming and involve tension. We may not be able to obtain land parcels after the negotiations. Even if we enter into a purchase agreement with the counterparty, we cannot assure you that the counterparty will not breach the purchase agreement or raise additional demands, such as an increase in sales price. If the counterparty breaches the purchase agreement or raises unreasonable demands, we may have to initiate or be involved in costly legal proceedings and may not fully recover our loss from the legal proceedings. Moreover, we typically make installment payments under the purchase and sale contracts when we acquire land through third parties. See "Financial Information—Liquidity and Capital Resources—Working Capital" in this prospectus. The installment arrangements have helped improve our liquidity position and capital efficiency. If we are unable to maintain the installment arrangements for new land acquisitions at the current level, our cash flow and financial condition may be materially and adversely affected. In addition, we need to allocate additional capital and human resources to integrate the acquired business into our operations. We also cannot assure you that the integration of any acquired company will be successfully completed within a reasonable period of time, or at all, or that will generate the economic benefit that we expected. Our cost for acquiring land use rights may rise further in the future, and our business, financial condition, results of operations and prospects may be materially and adversely affected if we are unable to acquire land parcels for development in a timely manner or at prices that allow us to achieve reasonable returns upon sales to our customers or at all.

Moreover, we may acquire part of our land bank by participating in the urban redevelopment projects in the future. Under current PRC laws and regulations, a property developer must implement the government approved old-town reformation plan and go through a series of approval process before acquiring the relevant land parcels. The process may be time-consuming, during which we may prepay development costs for resettlement, demolition, planning, design and construction which requires substantial capital expenditures and may affect our cash flow and liquidity. We may encounter difficulties and disputes in relation to resettlement of the existing residents, which may result in additional costs and liabilities. Even if we complete the urban redevelopment project, there is no assurance that we will successfully acquire land parcels. Also, there is no assurance that the PRC laws and regulations related to urban redevelopment projects will not change in the future. If the relevant PRC laws and regulations impose more stringent requirements on urban redevelopment projects or no longer allow property developers like us to participate in the land redevelopment projects, our ability to acquire land will be adversely affected. See "—We may be required to relocate existing residents and pay demolition and resettlement costs associated with our future real estate developments and such costs may increase" in this section.

In addition, we may purchase land parcels through judicial auctions. Land parcels acquired through judicial auctions are usually sold as it is and may contain inherent risks related to the title of the land, legal disputes of the original owners and the requisite permits for the land. If the original owners fail to pay the requisite fees or taxes for the land, or lease or mortgage the land to third parties, we may not be able to use the relevant land parcels for our intended purpose immediately or may incur additional expenses to repay the taxes, fees or debts for the original owners. Moreover, we may be involved in, or may be forced to initiate legal proceedings, which could materially and adversely affect our business, financial condition and results of operations.

We may not have sufficient funding for our future land acquisitions and property developments on commercially reasonable terms, or at all.

Property development usually requires substantial capital investment throughout the process of project development. During the Track Record Period, our capital requirements arose principally from the acquisition of land for, and development of, our property development projects, which may lead to liquidity problems. Our property development projects have been generally funded through cash generated from operations, including proceeds from the pre-sale of our properties, and trust and asset management financing arrangements. We expect to continue to fund our projects through these sources and will look for additional financing opportunities, such as bond and other debt offerings.

However, we cannot assure you that such funds will be sufficient or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all. We cannot assure you that we will not experience negative cash flow from our operating activities in the future. Negative cash flow from operating activities could impair our ability to make necessary capital expenditures, constrain our operational flexibility and adversely affect our ability to expand our business and enhance our liquidity.

In the event that the PRC government prohibits pre-sale of properties or impose additional or more stringent requirements, property developers like us may not have sufficient cash flow for property development projects and experience liquidity problems. If we do not have sufficient cash flow from pre-sale to fund our future liquidity, pay our trade and bills payables and repay the outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business prospects, financial condition and results of operations may be materially and adversely affected.

A number of factors, such as general economic conditions, our financial performance, our ability to obtain relevant government approvals, availability of credit from financial institutions and monetary policies in the PRC, may affect our ability to obtain adequate financing for our projects on favorable terms, or at all. The PRC government has implemented a number of measures to manage the growth of money supply and credit availability, especially with respect to the property development sector. For example:

- adjusting the RMB deposit reserve ratio several times since 2010 and recently adjusting it downward by PBOC;

- adjusting the benchmark one-year bank lending rate from time to time since 2008 by PBOC;

- requiring a minimum percentage of the total investment in a property project to be funded by the developer's own capital. For social welfare housing and ordinary commercial residences, the percentage was 20% during the Track Record Period. For all other types of property projects, the highest percentage was 25% during the Track Record Period;

- prohibiting the PRC commercial banks, trust financing companies and asset management companies from granting loans to property developers to finance land grant premium;

- prohibiting the PRC commercial banks from extending any existing loans, granting any new or revolving credit facilities in any form to property developers with non-compliance records regarding, among other things, holding and speculating idle lands, changing the land use to that outside the scope of the designated purpose, postponing construction commencement or completion, hoarding properties and rigging price for properties;

- prohibiting the PRC commercial banks from taking commodity properties of property developers that have been vacant for more than two years as security for loans;

- prohibiting the PRC commercial banks and trust financing companies from granting loans to development projects that fail to meet project capital ratio requirements or lack the required government permits and certificates;

- prohibiting property developers from using borrowings obtained from any local banks to fund property developments outside that local region; and

- the Opinions on Regulating Asset Management Business of Financial Institutions jointly issued by the PBOC, CBIRC, CSRC and SAFE on April 27, 2018 (which is applicable to banks, trust companies, asset management companies and other types of financial institutions) has tightened the regulation in relation to the asset management businesses of all kinds of financial institutions.

In addition, as of December 31, 2020 we had five outstanding trust and asset management financing arrangements. See "Financial Information—Indebtedness—Trust and Asset Management Financing Arrangements" in this prospectus. There are uncertainties regarding trust financing. The operation of trust financing companies in the PRC is primarily regulated by the CBIRC pursuant to the Rules Governing Trust Financing Companies (《信託公司管理辦法》), which came into effect on March 1, 2007. Since trust financing companies are under the supervision of the CBIRC and are required to comply with all notices and regulations promulgated by the CBIRC, we cannot assure you that the PRC government will not implement additional or more stringent measures to limit the amount that trust financing companies can make available for the PRC property industry. In 2009 and 2010, the CBRC issued the detailed restrictions on trust financing arrangements with property development projects, including but not limited to (i) restricting trust companies from providing financing to property developers that have not obtained the relevant land use rights certificates, construction land planning permits, construction work planning permit and construction work commencement permits, or to projects that fail to meet project capital ratio requirements; and (ii) restricting trust companies from funding projects developed by property developers which, or whose controlling shareholders, do not have qualification at or above second-level. On May 8, 2019, the CBIRC issued the Notice No. 23 to further tighten the trust financing and other financing arrangements in the real estate industry, pursuant to which, trust companies and other financial institutions are prohibited from providing financing to property developers without necessary certificates, permits, licenses or sufficient capital, or providing equity investment or shareholders' loan of a debt nature to property developers, or providing financing to property developers for the payment of land premium. See "Regulatory Overview—Real Estate Financing—Trust and Asset Management Financing" in this prospectus. The foregoing and other governmental actions and policy initiatives may limit our flexibility and ability to use future bank loans or other forms of financing, including corporate bonds, trust financing, asset-backed securities programs and financings from other financial institutions to finance our property developments and therefore may require us to maintain a relatively high level of internally sourced cash. As a result, our business, financial condition and results of operations may be materially and adversely affected.

If we are unable to fulfill our obligation in respect of the pre-sale contracts, our results of operations and financial condition may be adversely affected.

As of December 31, 2018, 2019 and 2020, we recorded contract liabilities in the amount of RMB5,106.0 million, RMB7,483.0 million and RMB9,458.9 million, respectively. Our contract liabilities mainly represent the sales proceeds received from our property purchasers in connection with our pre-sale of properties. See "Financial Information—Selected Balance Sheet Items—Contract liabilities." If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the sales proceeds we have received upfront, which may adversely affect our cash flow and liquidity condition and our ability to meet our working capital requirements and in turn, our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, it may also adversely affect our relationship with such customers, which may in turn affect our reputation and results of operations in the future.

Our projects were involved in the Pre-sale Proceeds Incidents during the Track Record Period, which may subject us to administrative penalties, and in turn adversely affect our results of operation.

During the Track Record Period, 29 of our projects were involved in incidents relating to pre-sale proceeds, or the Pre-sale Proceeds Incidents. Under the applicable PRC laws and regulations, the use of pre-sale proceeds is restricted to be used primarily for the construction and development of the relevant projects. The legal regime in relation to the pre-sale proceeds management in the PRC is twofold, including (i) the applicable laws and regulations at the national level which set out the general principles and requirements; and (ii) the applicable laws and regulations at city or county level which set out more specific and comprehensive requirements. For further details, see "Regulations Overview—Real Estate Transactions—Pre-sale of Commodity Properties." The national regulations on the supervision of pre-sale proceeds did not provide administrative penalties for property developers who fail to fully deposit pre-sale proceeds into their escrow accounts; and for pre-sale proceeds that are used in a non-compliant manner, we shall be ordered to rectify such situation within a time limit, and may be imposed of a fine of up to RMB30,000 but not more than three times of illegal gains for each incident should we fail to rectify such situation within the prescribed time period. According to different local regulations, based on the severity of the non-compliance, we shall be ordered to rectify such incidents within a time limit, and may be required to suspend withdrawal of pre-sale proceeds from the escrow accounts during the rectification period. Further, non-compliance in regard to pre-sale proceeds may be reflected in our credit records, and we may be fined in the amount of up to RMB30,000 per project but not more than three times of illegal gains for each incident. Therefore, the penalties for non-compliance in relation to pre-sale proceeds stipulated in the local regulations are in line with that of the national regulations, and there is no situation where the national regulations are stricter than the local regulations. Based on the foregoing and as advised by our PRC Legal Advisors, the maximum penalty that we could be subject to in relation to the Pre-sale Proceeds Incidents is RMB0.9 million. See "Business—Non-compliance Incidents—Non-compliance Incidents in Relation to Pre-sale Proceeds" and "Financial Information—Liquidity and Capital Resources—Net Current Assets—Restricted Cash" in this prospectus.

We may not be able to complete our projects according to their planned schedules and budgets which may adversely affect our business and financial condition.

The schedules of our project developments and whether a project can be completed within the planned budgets depend on a number of factors, including the performance and efficiency of our third-party contractors and our ability to finance construction and the associated financing costs. Other specific factors that could adversely affect our project development schedules and budgets include, among other things:

- changes in market conditions, economic downturns, and decreases in business and consumer sentiment in general;
- changes in relevant regulations and government policies;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials, equipment, contractors and skilled labor;
- disputes with other parties including without limitation sellers from whom we acquired the relevant land and liabilities incurred by the relevant target companies prior to our acquisitions;
- labor disputes;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites; and
- natural catastrophes and adverse weather conditions.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm our reputation as a property developer, lead to loss of or delay in recognizing revenues and lower returns. If a property project is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery or may be able to terminate the pre-sale contracts and claim damages. See "—We face risks from claims from customers related to the pre-sale of properties in the event the pre-sold properties are not delivered on time or completed and any potential limitation and restriction imposed by the PRC government in relation to the pre-sale of properties" in this prospectus. We cannot assure you that we will not experience any significant delays in completion or delivery of our projects in the future or that we will not be subject to any liabilities for any such delays.

We recorded net operating cash outflows in 2018, 2019 and 2020, and our results of operations and cash flow may vary significantly depending on factors including the schedule of our property development and the timing of property sales.

Historically, we have derived all of our revenue from the sale of properties we developed. For the years ended December 31, 2018, 2019 and 2020, we generated revenue of RMB723.9 million, RMB3,108.7 million and RMB3,946.1 million, and our gross profit was RMB206.8 million, RMB978.6 million and RMB1,065.0 million, respectively. Our business model is to sell certain properties for return of capital to fund our business, operations and expansion plans. Our results of operations and cash flow may fluctuate due to factors such as the schedule of our property development projects and the timing of property sales.

We generally recognize revenue from the sale of our properties upon delivery to purchasers. We may incur substantial expenses before recognizing revenue for a project, which may result in a net loss for the project and the project company at the early stage of project development. Moreover, there is a time difference between pre-sales of projects under development and the delivery of completed properties. Because the timing of completion of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA sold or pre-sold, and the timing between our pre-sales and completion and the delivery of the properties to purchasers. Periods in which we pre-sell a large amount of aggregate GFA may not be periods in which we generate a correspondingly high level of revenue, if the properties pre-sold are not completed and delivered within the same period.

Moreover, at the early stage of project development, we may incur substantial cash outflow until we can receive cash inflow from the pre-sale of the properties developed. Such time difference between cash inflow from pre-sale proceeds and outflow for project development requires substantial capital investment at the early stage of a project. Before receiving the proceeds from pre-sale, we may rely on our internally generated cash and external financing to fund our project development, which will increase our finance costs and limit our ability to undertake additional projects. We recorded net operating cash outflows of RMB426.3 million, RMB1,898.5 million and RMB358.4 million for the years ended December 31, 2018, 2019 and 2020. Such fluctuation was primarily due to the compound effect of (i) the increase in our property development activities which requires capital investment, and (ii) the mismatch in time between the cash outflows incurred for property developments and the cash inflows generated by our property projects. Specifically, our net operating cash outflow increased to RMB1,898.5 million in 2019 mainly attributable to the increase in our number of projects in 2019. For instance, we commenced development of 15 projects (including one project developed by one of our associates), such as Lixin State Guest Garden (利辛國賓府臻園), Guoyang Territory (渦陽江山印), Hefei Cloud Garden (合肥雲著園), Nanjing Fortune Shire (南京如意郡) and Suzhou Guojian Elegance (宿州國建風華), in the year of 2019, and accordingly recorded operating cash outflows for the increase in properties for development and properties held for sale in the amount of RMB4,451.4 million, while only recorded operating cash inflows for increase in contract liabilities in the amount of RMB2,125.5 million. Most of such 15 projects commenced pre-sales and generate cash inflows in 2020. Our net operating cash outflows decreased to RMB358.4 million in 2020, as fewer projects commenced construction while more projects completed construction in 2020 as compared with 2019. Our project development cycle also explains for the mismatch of cash outflows and cash inflows in time. Our project development cycle generally ranges from approximately two to three years. It typically takes seven to twelve months commencing from land acquisition to the commencement of pre-sales, and approximately 18 to 30 months from the commencement of pre-sale to the date of the completion certificate, depending on the scale of the properties and the market conditions. We cannot assure you that we will not experience negative net operating cash flows in the future. Negative net operating cash flows require us to obtain sufficient external financing to meet our financial needs and obligations. If we are unable to do so, we may be in default of our payment obligations and may not be able to develop our projects as planned or meet our capital expenditure requirements. As a result, our business, financial condition and results of operations may be materially and adversely affected. The effect of timing of delivery on our operational results is further accentuated by the fact that during any particular period of time, we can only undertake a limited number of projects due to the substantial capital requirements for land acquisition and construction costs.

Fluctuations in our operating results may also be affected by other factors, including fluctuations in expenses, such as land grant premium, development costs, administrative expenses, selling and marketing expenses and changes in market demand for our properties. As a result, our period-to-period comparisons of results of operations and cash flow positions may not be indicative of our future results of operations and may not be taken as meaningful measures of our financial performance for any specific period. In addition, the cyclical property market of the PRC affects the optimal timing for the acquisition of land, the planning of development and the sales of properties. This cyclicality, combined with the lead time required for the completion of projects and the sales of properties, means that our results of operations relating to property development activities may be subject to significant fluctuations from period to period. Furthermore, our property development projects may be delayed or adversely affected by a combination of factors beyond our control, which may in turn adversely affect our revenue recognition and consequently our cash flow and results of operations.

We have incurred indebtedness and may incur additional indebtedness in the future, which may materially and adversely affect our financial condition and results of operations.

We maintained a substantial level of borrowings to finance our operations during the Track Record Period and we expect to continue to have a substantial level of borrowings after the Global Offering. As of December 31, 2018, 2019 and 2020, our total outstanding bank loans and other borrowings amounted to approximately RMB709.7 million, RMB1,757.1 million and RMB2,096.5 million, respectively. We may from time to time in the future issue corporate bonds, senior notes or look for other debt financing opportunities to refinance our existing loans or to support our business expansion. In addition, we may from time to time in the future enter into investment agreement or framework agreement for our future projects, under which we may be required to make capital commitments. Our net gearing ratio, calculated as our total interest-bearing borrowings less cash and cash equivalents, restricted cash and pledged deposits divided by our total equity as of the end of the respective period and multiplied by 100%, was at a net cash position, approximately 22.9% and at a net cash position as of December 31, 2018, 2019 and 2020, respectively.

High indebtedness may increase our vulnerability to adverse conditions in general economic, industry conditions or changes in laws and regulations, such as significant increases in interest rates, and limit our flexibility in the planning for, or reacting to, changes in our business or the industry in which we operate.

In addition, we are subject to certain restrictive covenants under the terms of our borrowings, which may restrict or otherwise adversely affect our operations. These covenants may restrict, among other things, the use of proceeds and pledged assets related to the borrowings and our ability to incur additional debt or make guarantees, incur liens, pay dividends or distributions on our or our subsidiaries' capital stock, repurchase our Company's or our subsidiaries' capital stock, prepay or transfer certain indebtedness, repay shareholders' loans, reduce our registered capital, sell, transfer, lease or otherwise dispose of equity property or assets, make investments, establish joint venture with foreign entities, carry out restructuring and spin-off, and engage in mergers, consolidation or other change-in-control transactions and file for bankruptcy or dissolution. See "Financial Information—Indebtedness—General" in this prospectus. Pursuant to certain trust financing agreements, trusts companies and asset management companies may restrict or veto some of our corporate actions, which will further limit our flexibility of operation and ability to raise additional funding. See "Financial Information—Indebtedness—Trust and Asset Management Financing Arrangements" in this prospectus.

Moreover, some of our trust and asset management financings are secured by a pledge or transfer of our equity interests in the relevant project companies, and/or a lien of land use rights or development projects. If we incur default and cannot repay part or all of the secured indebtedness, we may lose part or all of our equity interests in these project companies, our proportionate share of the asset of the relevant property projects, land use rights or our development projects. See "Financial Information—Indebtedness—Trust and Asset Management Financing Arrangements" in this prospectus.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, the PRC governmental regulation, the demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash flow to pay our anticipated operating expenses and to service our debt, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, disposing of our assets, restructuring or refinancing our indebtedness or seeking equity capital. If we are unable to fulfill our repayment obligations under our borrowings, or are otherwise unable to comply with the restrictions and covenants in our current or future corporate bonds and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the lenders may accelerate the repayment of outstanding debt or, with respect to secured borrowings, enforce the security interest securing the loan. Any acceleration clause may also be triggered as a result. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay all of our indebtedness, or that we would be able to obtain alternative financing on terms that are favorable or acceptable to us. As a result, our cash flow, cash available for distributions, financial condition and results of operations may be materially and adversely affected.

Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining, necessary government approvals to carry out our property development operations.

The real estate industry in the PRC is heavily regulated. Real estate developers must abide by various laws and regulations, including rules stipulated by national and local governments to enforce these laws and regulations. To engage in real estate development operations, we must also apply to relevant government authorities to obtain and renew various licenses, permits, certificates and approvals, including but not limited to, qualification certificates for property developers, land use rights certificates, construction work commencement permits, construction work planning permits, construction land planning permits and pre-sales permits.

Before the government authorities issue or renew any certificate or permit, we must meet the relevant requirements. Those who engage in real estate development without obtaining qualification certificates for real estate development enterprises will be ordered, by the competent department of real estate development of people's government at or above the county level, to make a rectification within the specified time period, and imposed a fine of more than RMB50,000 and less than RMB100,000; where no rectification has been made on expiry of the specified time period, the local department of industry and commerce administration shall revoke the business license. During the Track Record Period, three of our subsidiaries, namely, Nanjing Hongxun, Taihu Sanxun and Nanjing Tengxun, failed to obtain the qualification certificates for real estate development enterprises before engaging in real estate development operations in accordance with the Qualification Management Regulations of Real Estate Development Enterprises (《房地產開發企業資質管理規定》). Such subsidiaries commenced construction after obtaining construction work planning permits and construction work commencement permits. Subsequently, our Group obtained the qualification certificates for Nanjing Hongxun, Taihu Sanxun and Nanjing Tengxun on October 22, 2019, January 13, 2020 and January 7, 2020, respectively, and as of December 31, 2020, all of our PRC subsidiaries have obtained the relevant qualification certificates for real estate development enterprises. On such basis, our PRC Legal Advisor has confirmed that, the ongoing construction activities of such subsidiaries are in compliance with applicable laws and regulations. See "Business—Qualifications" in this prospectus. Moreover, there can be no assurance that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the real estate industry 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. During the Track Record Period, we received administrative penalties from relevant government authorities for failure to complete requisite administrative procedures and/or obtain requisite permits before commencing construction. No administrative penalty had been imposed on us subsequent to the Track Record Period and up to the Latest Practicable Date. See "Business—Non-Compliance Incidents" in this prospectus. In the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary certificates and/or government approvals for any of our major property projects, we will not be able to continue with our development plans, and our business, financial condition and results of operations may be adversely affected.

We rely on third parties in certain key aspects of our business and if any of such third parties fails to deliver quality services in a timely manner, or if our relationship with any of them deteriorates, our reputation or business operation may be adversely affected.

We engage third parties to carry out various services relating to our property development projects, including, among other things, project design, pile setting, foundation building, main construction, equipment installation, elevator installation, landscaping and sale of properties. We generally select these third-party service providers or contractors through tender processes and also through an internal assessment of factors including their demonstrated competence, market reputation and our prior relationship with them, if any. Completion of our projects is subject to the satisfactory performance by these third parties of their contractual obligations, including their adherence to relevant laws and regulations as well as our quality standards and the pre-agreed schedule for completion. We cannot assure you that the services rendered by any of these third parties will be satisfactory or meet our requirements for quality and safety, or that their services will be completed on time. If the performance of any third-party service provider or contractor proves unsatisfactory, or if any of them is in breach of its contractual obligations due to their financial difficulties or other reasons, or if any of them violates relevant laws and regulations, we may not be able to provide quality products within planned schedule in compliance with relevant laws and regulations, which may result in project delays, safety issues, customer compliants, governmental sanctions, or even costly legal proceedings, which, in turn, may adversely and materially affect our operations, financial positions and reputation. In such circumstances, we may need to replace such service provider or contractor or take other actions to remedy the situation, which could materially and adversely affect our costs, the construction progress of our projects and our reputation. We may also be subject to various customer complaints if our customers are unsatisfied with the quality of our projects after delivery due to the failure of such third-party service providers, in particular, the contractors, to meet our quality standards. Moreover, we cannot assure you that our employees will be able to consistently comply with our quality control measures, to accurately apply our quality standards or to detect all defects in the services rendered by any third-party service provider or contractor. In addition, as we are expanding our business into new geographical locations, there may be a shortage of third-party service providers or contractors that meet our standards and, as a result, we may not be able to engage a sufficient number of high quality third-party service providers or contractors in a timely manner at competitive prices. Even if we are able to engage third-party service providers or contractors, we cannot assure you that those contractors can provide quality product or services in compliance with relevant laws and regulations, which may adversely affect the construction schedules and development costs of our property development projects. Furthermore, if our relationship with any of the third-party service providers or contractors deteriorates, a serious dispute with such third-party service provider or contractor may arise, which may in turn result in costly legal proceedings. The occurrence of any of the above events may have a material adverse effect on our business, financial condition, results of operations and reputation.

Compliance with PRC laws and regulations regarding environmental protection may result in substantial costs and delays in construction schedule.

We are subject to a variety of laws and regulations concerning the protection of health and the environment and the preservation of antiquities and monuments which impose a variety of compliance obligations on our business operations. Compliance with such laws and regulations may result in delays in our construction work, may cause us to incur substantial compliance and other costs and can severely restrict project development activities in environmentally sensitive regions or areas. See "Business—Environmental Matters" in this prospectus.

As required by the PRC laws and regulations for property projects with a GFA in excess of 50,000 sq.m. or in environmentally sensitive regions or areas, we are required to submit the environmental impact report to the relevant government authorities for approval before commencement of construction. For other property projects, we are required to file the environmental impact registration form. If we fail to meet such requirements, the local authorities may impose a penalty in the range of 1% to 5% of the total investment of the property project, issue orders to reinstate, and impose administrative sanctions to the persons directly in charge of the construction unit and the other persons directly responsible. After completion of construction, we are required to apply for environment protection acceptance check for completed property projects. For property projects requiring to submit the environmental impact report, we are required to file the application form for the environmental protection acceptance check of completed construction projects, along with the inspection form or questionnaire for the environmental protection acceptance check; for other property projects, we are required to file the environmental protection acceptance check registration card. See "Regulatory Overview—Environmental Protection" in this prospectus.

We cannot assure you that we will be able to comply with all such requirements with respect to environmental assessments. It is possible that the environmental assessments conducted may not reveal all environmental liabilities or their full extent, and there may be material environmental liabilities of which we are unaware. In the event of significant terminations of construction and/or imposition of fines as a result of our non-compliance, our financial condition and results of operations may be materially and adversely affected.

We face risks from claims from customers related to the pre-sale of properties in the event the pre-sold properties are not delivered on time or completed and any potential limitation and restriction imposed by the PRC government in relation to the pre-sale of properties.

We make certain undertakings in our pre-sale contracts. As of December 31, 2020, our contract liabilities amounted to approximately RMB9,458.9 million. Our pre-sale contracts and the PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we fail to deliver the properties which we have pre-sold, we will be liable to the purchasers for their losses. If we fail to complete a pre-sold property on time, our purchasers are entitled to claim compensation for late delivery under their contracts with us. If our delay extends beyond a specified period, our purchasers may terminate their pre-sale contracts and bring claims for additional compensation. A purchaser may also terminate his or her contract with us and/or bring claims for compensation for certain other contract disputes, including, for example, if the GFA of the relevant unit, as set out in the individual building ownership certificate, deviates by more than 3% from the GFA of that unit as set out in the contract; if the floor plan of the relevant unit is different from what is set out in the contract and adversely affects the quality and functionality of the unit; or if the purchaser fails to receive the individual property ownership certificate within a statutory period due to our fault.

We cannot assure you that we will not breach these undertakings. Though we are entitled to claim compensation from the contractors pursuant to the terms of our contract with them if such breach is due to our third-party contractors, we also cannot assure you that we will successfully recoup full compensation from our contractors. During the Track Record Period and up to the Latest Practicable Date, some of our PRC subsidiaries faced claims from our customers due to delays in delivering properties, some of which are on-going legal proceedings. Such legal proceedings arose from delays, to a large extent, due to requirements of the local government to pause construction for environmental protection reasons and during major public events, which applied to all relevant enterprises. During the Track Record Period and up to the Latest Practicable Date, the aggregate amount of liabilities claimed by customers in such legal proceedings was approximately RMB13.1 million. In addition, we may be subject to additional liabilities if similar legal proceedings arise in the future. We made provisions of RMB11.0 million as of December 31, 2020 for contingent liabilities regarding potential litigations arising out of such delays in delivering properties. See "Business—Legal Proceedings and Material Claims—Legal Proceedings in Connection with Delays in Delivering Properties" in this prospectus. If we experience material delays in delivering our properties in the future or are required to pay significant amounts of compensation to purchasers of our properties due to contractual disputes or for other reasons, our results of operations may be materially and adversely affected. Moreover, we cannot assure you that the PRC government will continue to allow pre-sale of properties or will not impose additional or more stringent requirements on pre-sale. In the event that the PRC government prohibit pre-sale of properties or impose additional or more stringent requirements, the property developers like us will face difficulties in financing property development projects and have liquidity problems, which, in turn, may materially and adversely affect our business, financial conditions and results of operations.

Our results of operations during the Track Record Period may not be representative of our future performance and certain components are subject to uncertainties and fluctuation when preparing our financial statements.

We experienced fluctuations in our results of operations during the Track Record Period. Our revenue was RMB723.9 million, RMB3,108.7 million and RMB3,946.1 million for the years ended December 31, 2018, 2019 and 2020, respectively. We cannot assure you that we will grow at a high rate, or at all, or that we will not experience a decrease in revenue or a net loss. We have faced and will continue to face challenges, including rising development and administrative costs, as well as increasing competition for the acquisition of land, the recruitment and retention of quality employees and future growth opportunities, among others. As a result, our past results of operations may not be representative of our future performance.

Furthermore, in the application of our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain 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. Therefore, actual results may differ from these accounting estimates.

There are uncertainties about the ultimate realization of our deferred tax assets, which could adversely affect our financial condition and results of operations.

Our deferred tax assets amounted to RMB166.7 million, RMB291.2 million and RMB380.5 million as of December 31, 2018, 2019 and 2020, respectively. Based on our accounting policies, deferred tax assets are recognized to the extent it is probable that future taxable profits will be available against which the unused tax credits can be utilized. The ultimate realization of these deferred tax assets depends on our business maintaining profitability and generating sufficient taxable profits to utilize the underlying unused tax losses. If there is a significant adverse change in our performance and resulting cashflow projections of such operation, some or all of the relevant deferred tax assets may need to be reduced and charged to the income statement, which could have an adverse effect on our financial condition and results of operations. Moreover, the realization of a deferred tax asset significantly depends on our management's judgment as to whether sufficient profits or taxable temporary differences will be available in the future.

Our related parties and/or non-controlling shareholders of our subsidiaries may not repay their respective amounts due to us in time, or at all, which could adversely affect our financial condition and results of operations.

As of December 31, 2020, our amounts due from related parties amounted to RMB40.4 million; as of the same time, our amounts due from non-controlling shareholders of subsidiaries amounted to RMB355.1 million. Our amounts due from non-controlling shareholders of the subsidiaries were mainly cash advances by our non-wholly owned subsidiaries to their non-controlling shareholders from time to time before the final settlement and distribution of our property development projects, which were non-trade in nature, interest-free, unsecured and had no pre-determined repayment date. The ability of such related parties and/or non-controlling shareholders to repay their amounts due to us depends on their liquidity and solvency, which are beyond our control. In the event that such related parties and/or non-controlling shareholders fail to repay the respective amounts due to us in time and in fully, our financial condition and results of operation may be adversely affected.

The relevant PRC tax authorities may challenge the basis on which we calculate our VAT obligations.

Our other tax recoverable represents VAT and surcharges prepaid when we receive pre-sale proceeds. In accordance with the relevant tax laws in the PRC, a general taxpayer that sells a self-developed real estate project by receiving advanced payment shall prepay VAT at a pre-payment rate of 3% upon receipt of the advanced payment and surcharges at applicable tax rate on the prepaid VAT. The taxpayer shall calculate the VAT tax payable for the current period based on the current sales amount and at an applicable rate (9% after April 2019, 10% from May 2018 to April 2019 and 11% before May 2018) at the time for tax payment as prescribed in Article 45 of the Implementing Measures for the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (issued in Cai Shui [2016] No. 36), and then file a tax return with the competent SAT office after deducting the prepaid VAT tax. Any surplus VAT after deduction shall be carried forward to the next period for further deduction. The prepaid surcharges will be recognized as cost when the relevant properties are transferred. During the Track Record Period, we had other tax recoverable of RMB574.8 million, RMB987.0 million and RMB1,078.9 million as of December 31, 2018, 2019 and 2020, respectively.

However, the actual VAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects and the PRC tax authorities may not agree with us on the basis on which we calculate our VAT obligations. We cannot assure you that our other tax recoverable will be sufficient to cover our past VAT liabilities. We also cannot assure you that the relevant tax authorities will agree with us on the basis on which we have calculated our VAT liabilities. In the event that our Group is required to settle any or all unpaid VAT, our cash flow and results of operations during the related period may be adversely affected. In addition, although the PRC tax authorities impose no time limit on the realization of other tax recoverable, in the event that the relevant project fails to generate profits within a short time frame, resulting in our inability to realize the relevant other tax recoverable, the value of the relevant portion of other tax recoverable may depreciate over time due to the loss of time value.

Several factors, including the use of significant unobservable inputs in the valuation techniques, could affect the fair value of our wealth management products and consequent results in the recognition of impairment losses in the future.

During the Track Record Period, under limited circumstances, we purchased low-risk wealth management products for cash management purposes. As of December 31, 2018, 2019 and 2020, our wealth management products amounted to RMB2.1 million, RMB22.6 million and nil, respectively. The values of wealth management products are marked to market, and net changes in their fair value are recorded as our operating income or loss, and therefore directly affects our results of operations. If our management evaluates that the decline in value of wealth management products is not temporary, such decline in the value can result in the recognition of impairment losses. This evaluation is a matter of judgment by the management with significant unobservable inputs used in the valuation techniques, which includes the assessment of various factors. We cannot guarantee that there will not be significant change in fair value on our wealth management products and consequent results in the recognition of impairment losses in the future.

Fluctuations in construction and labor costs could adversely affect our business and financial performance.

We have experienced an overall increase with some fluctuations in construction and labor costs during the Track Record Period, and expect such costs to continue to increase in the foreseeable future. We procure construction materials through our external contractors. The cost of construction materials, such as steel and cement, may continue to fluctuate from time to time. In 2018, 2019 and 2020, we incurred construction and labor costs of RMB315.8 million, RMB1,133.7 million and RMB1,411.1 million, respectively. As some of our major construction contracts are not fixed unit-price contracts, we bear the risk of fluctuations in construction material prices during the term of the relevant contract when the prices exceed certain thresholds. Additionally, increases in the cost of construction materials and labor will likely prompt our contractors to increase their fee quotes for our new property development projects. Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs to our customers if construction and labor costs increase subsequent to the pre-sale. The rising construction and labor costs and our inability to pass cost increases on to our customers may adversely affect our results of operations.

Our provision for LAT may be insufficient which could adversely affect our financial results.

Our properties developed for sale are subject to LAT. Under the PRC tax laws and regulations, all income derived from the sale or transfer of land use rights, buildings and their ancillary facilities in the PRC is subject to LAT on the appreciation of land value at progressive rates ranging from 30% to 60%. We only prepay a portion of such taxes each year as required by the local tax authorities. For the years ended December 31, 2018, 2019 and 2020, we recorded LAT expenses in the amount of RMB26.6 million, RMB145.6 million and RMB129.7 million, respectively.

We make provisions for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement with the relevant tax authorities. Provisions for LAT are made on our own estimates based on, among other things, our own apportionment of deductible expenses which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT. However, given the time gap between the point at which we make provision for and the point at which we settle the full amount of LAT payable, the relevant tax authorities may not necessarily agree with our own apportionment of deductible expenses or other bases on which we calculate LAT. If the relevant tax authorities determine that our LAT liabilities exceed our LAT prepayments and provisions and seek to collect that excess amount, our cash flow, financial condition and results of operations may be materially and adversely affected.

Our property development business is subject to customer claims under statutorily mandated quality warranties.

All property development companies in the PRC, including us, must provide certain quality warranties for the properties they construct or sell. See "Business—Our Project Operation and Management—Project Delivery and After-sales Management" in this prospectus. We may receive customer claims of this nature in the future. Generally, we coordinate with the relevant third-party contractors to respond to such customer claims as most of such complaints were mainly due to the customers' dissatisfaction with the quality of properties they have purchased. Subject to the agreements we enter into with our third-party contractors, we typically receive quality warranties from our third-party contractors to cover claims that may be brought against us under our warranties.

Although we believe that each of these claims is immaterial by nature or amount, we cannot assure you that we will not face any significant customer claims either alone, or in aggregate, in the future. Although we settled our previous claims through litigation and mediation, we cannot assure you that we will successfully settle such claims in the future without incur significant costs, or at all. If a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner, or at all, or if the money retained by us to cover our payment obligations under the quality warranties is not sufficient, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm our reputation and could have a material and adverse impact on our business, financial condition and results of operations.

We may be required to relocate existing residents and pay demolition and resettlement costs associated with our future real estate developments and such costs may increase.

We may be required to undertake and pay for demolition of existing buildings and resettlement of existing residents with respect to some of our real estate developments in accordance with the relevant PRC laws and regulations. We may enter into certain contracts with the PRC government involving demolition and resettlement works with a view to facilitating potential acquisitions of land use rights or enhancing our future expansion into the relevant markets. The compensation we pay for resettlement is usually calculated in accordance with certain formulas published by the relevant local authorities. These formulas generally take into account the location, GFA and the type of building to be demolished, local income levels and many other factors. There can be no assurance that local authorities will not change or adjust their formulas without prior notice. Existing owners or residents may disagree with the compensation arrangements or refuse to relocate. The administrative process to settle the amount of compensation, together with any appeals, or a refusal to relocate may significantly delay the timetable for the affected development. Although we take into consideration the difficulties in resettlement compensation negotiations before we enter into such contracts, the protracted resettlement process may cause delays in the redevelopment projects, and adversely affect our plans to obtain the relevant land use rights or enter into the new markets. In addition, there is no assurance that we will be able to reach agreements for compensation and resettlement for such redevelopment projects on terms satisfactory to us or at all. Moreover, an unfavorable final determination or settlement regarding the amount of compensation payable by us may increase the cost of the development and materially and adversely affect our cash flow, business, results of operations and financial condition.

We may be subject to fines or sanctions by the PRC government if we fail to pay land grant premium or fail to develop properties according to the terms of the land grant contracts.

Under the PRC laws and regulations, if a developer fails to develop land according to the terms of the land grant contract (including those relating to the payment of fees, the designated use of land and the time for commencement and completion of development of the land), the relevant government authorities may issue a warning to, or impose a penalty on, the developer or require the developer to forfeit the land use rights. Any violation of the terms of the land grant contract may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding.

Specifically, under the current PRC laws and regulations, if we fail to pay any outstanding land grant premium by the stipulated deadlines, we may be subject to late payment penalties or the repossession of the land by the government. If we experience delays in making land premium payment and incur significant late payment fees in the future, our business, financial condition and results of operations may be materially and adversely affected.

If we fail to commence development within one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve an investigation notice on us and impose an idle land fee on the land of up to 20% of the land grant premium. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the land use rights are subject to forfeiture to the PRC government unless the delay in development is caused by government actions or *force majeure*. Moreover, even if we commence development of the land in accordance with the land grant contracts, if the developed land area is less than one-third of the total land area, or if the total capital expenditure on land development is less than one-fourth of the total amount expected to be invested in the project as promulgated in the project proposal submitted to the government at the project registration stage, including the purchase price of the land, and the development of the land is suspended for over one year without government approval, the land may still be treated as idle land. See "Regulatory Overview—Development of Real Estate Projects—Commencement of Real Estate Development Projects" in this prospectus.

There are specific enforcement rules on idle land and other aspects of land grant contracts in many cities in China, and the local authorities are expected to enforce such rules in accordance with instructions from the central government of China. The MLR issued (i) a new notice to further enhance control of the land supply by requiring developers to develop land according to the terms of the land grant contracts and restricting or prohibiting any non-compliant developers from participating in future land auctions in September 2007; (ii) the Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (《關於嚴格建設用地管理促進批而未用土地利用的通知》) in August 2009, which reiterated the applicable rules with regard to idle land management; and (iii) the revised Measures on Disposal of Idle Land (《閒置土地處置辦法》) on June 1, 2012, which went into effect on July 1, 2012. In addition, in January 2008, the State Council issued the Notice on Promoting Land Saving and Efficient Use (《關於促進節約集約用地的通知》) to escalate the enforcement of existing rules on idle land management. Where a holder of the right to use a plot of state-owned land for construction conducts malicious hoarding or speculation of the land, current measures in place require the competent land authorities not to accept any application for new land use rights or process any title transfer, pledge, lease and change of registration in respect of any idle land before such holder completes the required rectification procedures. We cannot assure you that circumstances leading to the repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. In addition, we cannot assure you that regulations relating to idle land or other aspects of land grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land grant contract as a result of delays in project development, or as a result of other factors, we may lose the opportunity to develop the project, as well as our past investments in the land, which could materially and adversely affect our business, financial condition and results of operations.

We may be subject to fines due to the lack of registration of our leases.

Pursuant to relevant PRC regulations, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. During the Track Record Period, we leased certain properties from landlords who are Independent Third Parties mainly used as offices and staff dormitory by subsidiaries located in different regions and cities. As of the Latest Practicable Date, we did not register four leases we entered into as tenants for properties. The failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations, or our rights or entitlements to use the leased properties. However, we may be required by relevant government authorities to file the lease agreements to complete the registration formalities and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. As of the Latest Practicable Date, the maximum penalty we may be subject to amounted to RMB40,000. The imposition of the above fines could require us to make additional efforts and/or incur additional expenses, and we made provisions of RMB160,000 in 2019 for the potential imposition of the above fines. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective counterparties to the lease agreement and by the local government authorities which are beyond our control. We cannot assure you that the counterparties to such lease agreements and the local government authorities will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future. See “Business—Properties for Self-use” in this prospectus.

The total GFA of some of our developments may exceed the original permitted GFA and the excess GFA is subject to governmental approval and will require us to pay additional land premium.

The permitted total GFA for a particular development is set out in various governmental documents issued at various stages. In many cases, the underlying land grant contract will specify permitted total GFA. Total GFA is also set out in the relevant urban planning approvals and various construction permits. However, the actual GFA constructed may be different from the total GFA authorized in the land grant contract or relevant construction permits due to factors such as subsequent planning and design adjustments. According to Article 64 of the Law of the People's Republic of China on Urban and Rural Planning (《中華人民共和國城鄉規劃法》), where a unit engages in construction prior to obtaining the permit for a planned construction project or without complying with the provisions in the said permit, the department in charge of urban and rural planning under the local people's government at or above the county level may suspend the construction of such project; if measures for rectification can be adopted to eliminate the impact on the implementation of the plan, such department may ask the project company to make rectification within a time limit and pay a fine of no less than 5% but not more than 10% of the cost of the construction project; otherwise, such project shall be ordered to demolished within a time limit; if the project cannot be demolished, the project itself or the unit's unlawful income shall be confiscated, and the project company may, in addition, pay a fine of not more than 10% of the cost of the construction project. If constructed total GFA unreasonably exceeds the permitted total, or if the completed development unreasonably contains areas that authorities believe do not conform to the approved plans as set out in relevant construction works planning permit, we may not be able to obtain the certificate of completion for our development, and, as a consequence, we would not be able to deliver individual units to purchasers or to recognize the related pre-sale proceeds as revenue. Moreover, excess GFA requires additional governmental approval, and the payment of additional land premium. If issues related to excess GFA cause delays in the delivery of our properties, we may also be subject to liability to purchasers under our sales and purchase agreements. We cannot assure you that constructed total GFA for each of our existing projects under development or any future property developments will not exceed permitted total GFA, or that the authorities will determine that all built-up areas conform to the plans approved as set out in the construction permit. Moreover, we cannot assure you we have sufficient funding to pay any required additional land premium or take remedial action that may be required in a timely manner, or at all. Any of these factors may materially and adversely affect our reputation, business, financial condition and results of operations.

The appraised value of our properties may be different from their actual realizable value and are subject to change.

The appraised value of our properties as contained in "Property Valuation Report" in Appendix III was prepared by JLL based on multiple assumptions containing elements of subjectivity and uncertainty, including, among other things, that:

- we sell the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests;

- no allowance has been made for any charges, mortgages or amounts owing on any of the property interests valued or for any expenses or taxation which may be incurred in effecting a sale;

- we have paid all land premium payments and other costs such as resettlement and ancillary utilities services in full and there is no requirement for payment of any further land premium or other onerous payments to the government; and

- our properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Even though JLL adopted valuation methodologies used in valuing similar types of properties when preparing the property valuation report, the assumptions adopted may prove to be incorrect. As a result, the appraised values of our properties may differ materially from the price we could receive in an actual sales of the properties in the market and should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of the property development projects, as well as national and local economic conditions, may affect the value of our properties.

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations.

We have incurred and expect to continue to incur a significant amount of interest expenses relating to our borrowings from commercial banks, trust financing providers and asset management companies. Accordingly, changes in interest rates have affected and will continue to affect our financing costs, which in turn may affect our profitability and results of operations. As our borrowings are in RMB, the interest rates on our borrowings are primarily affected by the benchmark interest rates set by the PBOC, which have gradually decreased in recent years. The weighted average effective interest rates per annum on our total borrowings has decreased from 14.0% as of December 31, 2018 to 12.3% as of December 31, 2019, and further to 9.4% as of December 31, 2020. Some of our interest expenses incurred were capitalized. Our capitalized interests for the years ended December 31, 2018, 2019 and 2020 were RMB228.8 million, RMB367.9 million and RMB581.1 million, respectively. Our uncapitalized interest expenses are recorded as finance costs, and our finance costs for the years ended December 31, 2018, 2019 and 2020 were RMB8.6 million, RMB44.3 million and RMB22.1 million, respectively. Any future increases in the PBOC benchmark interest rate as a result of government policies may lead to higher interest rates, which may increase our financing costs and thereby adversely affect our business, financial condition and results of operations.

Our operations are dependent on a limited number of major suppliers.

Our suppliers are mainly construction contractors and construction material suppliers. During the Track Record Period, we were dependent on a limited number of major suppliers to provide us with construction services and construction materials. The five largest suppliers, substantially all of whom were contractors, accounted for approximately 54.3%, 40.6% and 31.3%, respectively, of our total purchases for the years ended December 31, 2018, 2019 and 2020. Our single largest supplier for the years ended December 31, 2018, 2019 and 2020 accounted for approximately 24.4%, 10.4% and 9.2%, respectively, of our total purchases.

If a large number of our current major suppliers decide to terminate business relationships with us, or if the services or raw materials supplied by our current suppliers fail to meet our standards, or if our current service or raw material supplies are interrupted for any reason, we may not be able to easily switch to other qualified suppliers in a timely fashion, which may materially and adversely affect our business and financial results.

We guarantee the mortgage loans of our customers and may be liable to the mortgagee banks if our customers default on their mortgage payments.

We derive the substantial portion of our revenue from sales of our properties and most of our purchasers apply for bank borrowings and mortgages to fund their purchases. Therefore, the availability of mortgages to our prospective purchasers would significantly affect our financial condition and results of operations. In accordance with industry practice, commercial banks require us to guarantee mortgage loans offered to purchasers of the properties that we develop. Typically, we guarantee mortgage loans for purchasers starting from the execution of the mortgage guarantee contract up until (i) two years after the maturity of the bank borrowings and mortgages in the event of customer's default; or (ii) the registration of the mortgage are completed, and the certificate of mortgage registration and other relevant certificates related to the mortgage are obtained, acknowledged and received by the purchaser.

The guarantees cover the full value of mortgages that purchasers of our properties have obtained to finance their purchases and any additional payments or penalties imposed by mortgagee banks for any defaults in mortgage payments by the purchasers. If a customer defaults on payment of her/his mortgage, the mortgagee bank may require that we immediately repay the entire outstanding balance of the mortgage and any additional payments or penalties pursuant to the guarantee. Upon satisfaction of our obligations under the guarantee, the mortgagee bank would then be obliged to assist us collecting payments from purchasers. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluation conducted by the mortgagee banks on such customers. These are contingent liabilities not reflected on our balance sheets.

As of December 31, 2018, 2019 and 2020, our outstanding guarantees over the mortgage loans of our customers amounted to RMB2,454.8 million, RMB5,090.2 million and RMB7,084.4 million, respectively. As of the Latest Practicable Date, our Group encountered 41 incidents of default by purchasers where our Group as a result had to repay all outstanding amounts, in aggregate, of RMB4.4 million owed by the purchasers to the mortgagee banks under the loans. We cannot assure you that defaults by purchasers will not occur or that the rate of such defaults will not increase in the future. If a significant amount of our guarantees are called upon at the same time or in close succession, if there is a material depreciation in the market value of the relevant properties, or if we cannot resell such properties due to unfavorable market conditions or for other reasons, our financial condition and results of operations may be materially and adversely affected.

Certain portions of our property development projects are designated as civil air defense properties which may be used by the government at no cost in times of war.

According to the PRC laws and regulations, new buildings constructed in cities shall contain basement areas that can be used for civil air defense purposes in times of war. Under the PRC Law on Civil Air Defense (《中華人民共和國人民防空法》) promulgated by the Standing Committee of the NPC on October 29, 1996, as amended on August 27, 2009 and the Administrative Measures for Developing and Using the Defense Property at Ordinary Times (《人民防空工程平時開發利用管理辦法》) promulgated by the Office of Civil Air Defense of the PRC on November 1, 2001, after obtaining the approval from the civil air defense supervising authority, a developer can manage and use such areas designated as civil air defense properties at other time and generate profits from such use. During the Track Record Period, we had entered into contracts to transfer the right to use civil air defense properties in our property development projects to our customers as car parks and we intend to continue such transfer. However, in times of war, such areas may be used by the government at no cost. In the event of war and if the civil air defense area of our projects is used by the public, we may not able to use such area as car parks, and such area will no longer be a source of our revenue. In addition, while our business operations have complied with the laws and regulations on civil air defense property in all material aspects, we cannot assure you that such laws and regulations will not be amended in the future which may make it more burdensome for us to comply with and increase our compliance cost. As of April 30, 2021, we had 13 completed, one under inspection before completion, and 24 in construction civil air defense properties with an aggregate planned GFA of approximately 204,618 sq.m. The civil air defense properties were primarily used or to be used as car parks, representing an insignificant portion of our property portfolio.

The loss of a significant number of our executive Directors and senior management could have a material adverse effect on our business.

Our continued success and growth depend on our ability to identify, hire, train and retain suitably skilled and qualified employees, including management personnel, with relevant professional skills. The services of our executive Directors and members of senior management are essential to our success and future growth. The loss of a significant number of our executive Directors and senior management could have a material adverse effect on our business if we are unable to find suitable replacements in a timely manner. We may not be able to successfully attract, assimilate or retain all of the personnel we need. We may also need to offer superior compensation and other benefits to attract and retain key personnel and therefore cannot assure you that we will have the resources to fully achieve our staffing needs. In addition, if any executive Director, any member of our senior management team or any of our other key personnel were to join a competitor or carry on a competing business, we may lose customers and key professionals and staff members. Due to the intense competition for management and other personnel in the PRC property sector, any failure to recruit and retain the necessary management personnel and other qualified employees could have a material adverse impact on our business and prospects.

Deterioration in our brand image or any infringement of our intellectual property rights may materially and adversely affect our business.

We rely, to a significant extent, on our "三巽集团 SANXUN GROUP" brand and image to attract potential customers to our properties. Any negative incident or negative publicity concerning us or our properties may materially and adversely affect our reputation, financial position and results of operations. Brand value is based largely on consumer perceptions with a variety of subjective qualities and can be damaged even by isolated business incidents that degrade consumers' trust. Consumer demand for our properties and our brand value could diminish significantly if we fail to preserve the quality of our properties or fail to deliver a consistently positive consumer experience, or if we are perceived to act in an unethical or socially irresponsible manner. Even if we act in an ethical manner, customers may be unsatisfied by our products or services due to reasons beyond our control. For example, a market downturn and price drop may trigger public anger among customers who purchased our products at a higher price. Those customers may demand for compensation, carry out protests and spread around negative messages that would harm our brand images. We may be subject to and associated with negative publicity, including those on the Internet, with respect to our corporate affairs and conduct related to our personnel, the real estate market we operate or intend to operate. We may also be subject to negative reports or criticisms by various media, including in relation to incidents of fraud and bribery. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Nonetheless, any negative coverage, whether or not related to us or our related parties and regardless of truth or merit, may have an impact on our reputation and consequently, may undermine the confidence of our customers and investors, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects. Any negative publicity and the resulting decrease in brand value, or any failure to establish our brand in cities in which we currently operate, may have a material adverse effect on our business, financial position and results of operations. In addition, any unauthorized use or infringement of our brand name may impair our brand value, damage our reputation and materially and adversely affect our business and results of operations.

Our brand strategy also depends on our ability to use, develop and protect our intellectual properties, such as our trademarks. As a result, we could be subject to intellectual property rights disputes. The defense and prosecution of intellectual property lawsuits and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert our resources and the time and attention of our management personnel. An adverse ruling in any such litigation or proceedings could subject us to significant liabilities to third parties, require us to seek licenses from third parties and to pay ongoing royalties, or subject us to injunctions prohibiting the use of such name and/or logo.

Current insurance coverage may not be adequate to cover all risks related to our operations.

In line with industry practice, we do not maintain any insurance policies for our residential property development projects. In addition, we require the general contractors of our development projects to maintain insurance policy in accordance with the contracting agreements. We do not maintain insurance covering construction-related property damage or personal injuries of third parties. In addition, we do not maintain insurance against any liability arising from allegedly tortious acts committed on our work sites. We cannot assure you that we will not be sued or held liable for damage arising from, or in connection with, any such tortious acts. Moreover, there are certain losses for which insurance is not available on commercially practicable terms, such as those suffered due to earthquakes, typhoons, floods, wars, civil disorders and other events of *force majeure*. If we suffer any loss, damage or liability in the course of our business operations, we may not have sufficient funds to cover such loss, damage or liability or to replace any property development that has been destroyed. In addition, any payment we make to cover any loss, damage or liability could have a material adverse effect on our business, financial condition and results of operations.

We may be involved in legal and other disputes from time to time arising out of our operations, including any disputes with our customers, contractors, suppliers, employees or other third parties, and may face significant liabilities as a result.

We may from time to time be involved in disputes with various parties involved in the development, sale, leasing and management of our properties, acquisitions of land and equity interests in companies as well as other aspects of our business operations including, among others, customers, contractors, suppliers, construction workers and purchasers. See "Business—Legal Proceedings and Material Claims" in this prospectus. These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs to our operations, and diversion of our management's attention. In addition, we may disagree with regulatory bodies in certain respects in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities and cause delays to our property developments. Moreover, we may be involved in disputes or legal proceedings for claims relating to the business or companies we acquired or their original shareholders, which may subject us to liabilities. Even if we have the right of indemnification from other parties in relation to certain litigations, we may not receive the benefit of the indemnification from such parties according to the agreement signed. In addition, we may have disputes with our customers, which may result in financial losses, negative media coverage, damages to our reputation and materially and adversely affect our business. During the Track Record Period, except as disclosed in "Business—Legal Proceedings and Material Claims" in this prospectus, we were not involved in any lawsuit that our Directors believe will have a material adverse effect on our business, financial condition and results of operations. However, we cannot assure you that we will not be involved in any major legal proceedings in the future. Any involvement on disputes may materially and adversely affect our business, financial condition and results of operations.

False advertising of our properties may lead to penalties, undermine our sales and marketing efforts, deteriorate our brand name, and have a material adverse effect on our business.

As a property developer in the PRC, we are subject to a variety of laws and regulations concerning the marketing and promotion of our property development projects, our business and our brand image. For example, if any of our advertisements are considered to be untruthful, we will be subject to penalties and will be required to cease publishing the advertisement and eliminate adverse effects by publishing notice in the same media or media with equivalent significance to correct the previous false advertisements and clarify the truth. In addition, any false advertising may cast doubt on our other disclosures, advertisements, filings and other publications, deteriorate our brand name and reputation, and consequently adversely affect our business, financial condition and results of operations. We may be subject to other requirements under the advertising law. During the Track Record Period, we were subject to administrative penalties due to incompliant advertising. See "Business—Non-compliance Incidents" in this prospectus. If our employees, or the third-party service providers we engaged are not prudent enough and violate the advertising laws, we will be subject to fines and our business, financial condition and results of operations may be materially and adversely affected.

We may be subject to fines or penalties if we fail to comply with any applicable laws, rules or regulations.

We were subject to certain fines or penalties during the Track Record Period. For example, during the Track Record Period, some of our subsidiaries were subject to administrative penalties for commencing constructions before completing requisite administrative procedures or obtaining requisite permits, delays in commencement and/or completion of construction, inappropriate advertising, commencing pre-sales before obtaining requisite permits, deviation of construction from the approved planning, opening road intersection without approval, and failure to register for and/or contribute to social insurance and housing provident funds for some of our employees. We were subject to penalties or ordered to rectify such incidents, as the case may be. As of the Latest Practicable Date, we had paid all the penalties. See "Business—Non-compliance Incidents" in this prospectus. During the Track Record Period, two of our PRC subsidiaries were subject to fines due to their delay or failure in value-added tax filings and/or corporate income tax filings. In respect of such tax related incidents, the relevant competent tax authorities imposed on us fines in an aggregate amount of approximately RMB2,200 during the Track Record Period. We have paid the fines and made the relevant filings within the prescribed time to make rectification. There is no assurance that our internal control measures will be effective and there will not be any non-compliance incidents in the future. In addition, PRC laws, rules or regulations governing our industry have been evolving rapidly, and we cannot assure you that we will not be subject to fines or penalties arising from non-compliance incidents if we fail to adapt to the new regulatory regime in a timely manner, or at all, which may have a material adverse effect on our business, financial condition and results of operations.

We may fail to register for and/or contribute to social insurance and housing provident funds for some of our employees.

In accordance with applicable PRC laws and regulations, we are obliged to contribute to social insurance and housing provident funds for our employees. During the Track Record Period, we did not fully contribute to certain social insurance and housing provident funds for some of our employees. As advised by our PRC Legal Advisor, under the Regulations on Administration of Housing Provident Fund (住房公積金管理條例), (i) if we fail to complete housing provident fund registration before the prescribed deadlines, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiary or branch and (ii) if we fail to pay housing provident fund contributions within the prescribed deadlines, we may be subject to an order by the relevant people's court to make such payments. According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), for outstanding social insurance fund contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution 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 outstanding contribution amount. We made provisions in the amounts of RMB9.0 million, RMB6.7 million and nil to our consolidated statements of profit or loss and other comprehensive income in respect of such potential liabilities in 2018, 2019 and 2020, respectively, for certain of our PRC subsidiaries. For more information, see "Business—Non-compliance Incidents" in this prospectus.

Impairment losses for properties under development and completed properties held for sale may adversely affect our financial position.

The real estate market volatility may subject us to risks in connection with possible impairment loss for properties under development as well as completed properties held for sale, if we fail to complete the construction and sell the properties in time at our desired prices. Impairment loss may arise when the carrying value of a property exceeds its recoverable amount. We cannot assure you that we may not incur impairment losses, if any or at similar level, during adverse market conditions in the future. If we incur impairment losses or experience increases in impairment losses for properties under development and completed properties held for sale, our financial position may be adversely affected.

We may not be able to prevent or detect actions by our employees or agents which violate applicable anti-corruption laws and regulations.

Bribery and other misconduct by our employees or agents may be difficult to prevent or to detect on a timely basis, or at all. Although we have put in place relevant internal control measures aimed at preventing our employees and agents from engaging in conduct which would violate applicable anti-corruption laws and regulations, there can be no assurance that we will be able to prevent or detect such misconduct. Such misconduct by our employees or agents could subject us to financial losses and harm its business and operations. In addition to potential financial losses, such misconduct could subject us to third-party claims and regulatory investigations. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we fail to implement effectively our risk management and internal control policies and procedures, our business and prospects may be materially and adversely affected.

We continually enhance our risk management and internal control policies and systems as part of a continuous effort to improve our risk management capabilities and enhance our internal controls. See "Business—Risk Management" in this prospectus. However, there can be no assurance that our risk management and internal control policies and procedures will adequately control or protect us against all risks. Some of these risks are unforeseeable or unidentifiable and may be more severe than what we may anticipate.

Our risk management capabilities and ability to effectively monitor legal compliance and other risks are restricted by the information, tools, models and technologies available to us. Moreover, it takes time for our employees to adjust to these policies and procedures and we cannot assure you that our employees will be able to consistently comply with or accurately apply them. If our risk management and internal control policies, procedures and systems fail to be implemented effectively, or if the intended results of such policies, procedures and systems are not achieved in a timely manner (including our ability to maintain an effective internal control system), our business, financial condition, results of operations and reputation may be materially and adversely affected.

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

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics such as the human swine flu, also known as Influenza A (H1N1), H5N1 avian flu or severe acute respiratory syndrome ("**SARS**"), the Ebola virus and other natural disasters or, most recently, the novel coronavirus temporarily named COVID-19 by the World Health Organization. Which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including certain cities where our Group operates, are under the threat of flood, earthquake, fire, drought, hurricanes or epidemics. The natural disasters might be intensified by the climate changes. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. Another public health crisis in China triggered by a recurrence of SARS or an outbreak of any other epidemics, especially in the cities where our Group has operations, may result in material disruptions to our property development and our sales and marketing, which in turn may adversely affect our financial condition and results of operations. Furthermore, though unlikely, the regions previously have not experienced natural disasters might be affected by natural disasters in the future. Our business, financial position and results of operations may be materially and adversely affected if natural disasters or other such events occur.

The COVID-19 Outbreak could affect our business and the national and regional economies in the PRC.

An outbreak of respiratory illness caused by a novel coronavirus, namely COVID-19, was reported in December 2019 and continues to expand within China and globally. In March 2020, the World Health Organization characterized the outbreak of COVID-19 a pandemic. The accelerated spread of the virus globally has caused extreme volatility in the global financial market, including the repeated triggering of stock market "circuit breakers" in the U.S. and many other countries. The COVID-19 pandemic has caused and may continue to cause a long-term adverse impact on the economy and social conditions in China and other affected countries, which may have an indirect impact on the PRC real estate industry, and adversely affect our business operations. The real estate market in the PRC may have been adversely impacted. All of the construction works and all of the pre-sale activities have been resumed as of the Latest Practicable Date. Certain of our major suppliers operated in cities subject to lockdown or experienced disruptions in operations due to the outbreak of COVID-19. As of the Latest Practicable Date, we had not encountered any significant shortage in construction material supply or labor resources, any significant difficulty or delay in project completion or pre-sale/sales of properties or any penalty relating to such incidents due to the COVID-19 outbreak, and accordingly had not suffered any material adverse impact on our business, operational and financial performance. It also remains uncertain as to when the COVID-19 pandemic will be entirely contained. In the event that the COVID-19 pandemic is not effectively controlled, our business, operational and financial performance may be materially and adversely affected as a result of the changes in the outlook of the property market, any slowdown in economic growth, negative business sentiment or other factors that we cannot foresee.

RISKS RELATING TO OUR INDUSTRY

Our operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate.

Our business is subject to extensive governmental regulations and, in particular, we are sensitive to policy changes in the PRC property sector. The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures such as setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing restrictions on foreign investment and currency exchange. For example, since 2004, the PRC and local governments introduced a series of regulations and policies designed to generally control the growth of the property market, including, among others:

- strictly enforcing the idle land related laws and regulations;
- restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;

- prohibiting commercial banks from lending funds to real estate developers with an internal capital ratio lower than certain prescribed percentage; and
- restricting the PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums.

In particular, the PRC and local governments also introduced the following policies, among others, to specifically restrain property purchases for speculation purposes and refrain property prices from rising too quickly in certain cities:

- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;
- imposing the value-added tax on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;
- raising the minimum percentage of down payment of the purchase price of the residential property of a family;
- restricting purchasers from acquiring second (or more) residential property and imposing property purchase restrictions on non-local residents that cannot provide any proof of local tax or social security payments for more than a specified time period in certain cities;
- limiting the selling prices of new residential properties;
- restricting the availability of individual housing loans in the property market to individuals and their family members with more than one residential property, and raising interest rates of such loans; and
- controlling the supply of residential property sales by adopting lots drawing policy in certain cities in which our Group operates, such as Nanjing. Under the guidance of the "Notice of the State Council on Resolutely Curbing the Soaring of Housing Prices in Some Cities" (國務院關於堅決遏制部分城市房價過快上漲的通知) in April 2010, most of the first- and second-tier cities adopted the relevant local regulations in restricting the maximum number of properties each resident is allowed to purchase.

These and other measures, including additional requirements for pre-sales and restricting the use of funds raised by pre-sales, made the properties we developed more costly, unattractive or even unavailable to certain of our customers. In addition, since January 2010, policies implemented by the PRC government with regard to bank loans and trust financing arrangements for property development projects have had, and may continue to have, a dampening effect on the property markets in which we operate. These measures resulted in downward pressure on the PRC property market starting in the second half of 2011 and reduced transaction volumes in the first quarter of 2012.

Following the market fluctuations in the face of temporary easing of some restrictions by local governments in the second and third quarters of 2012, the property price and transaction volume increased in the last quarter of 2012 and the first quarter of 2013. On February 20, 2013, the General Office of the State Council announced the Notice on Further Regulation of the Real Estate Market (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》). According to such notice, local governments shall increase the supply of housing properties and lands, and set price control targets in cities with rapidly increasing property prices. In addition, the notice also requires the local government to strictly implement existing purchase restrictions and differentiated credit policies with regard to the down payment ratios and interest rates for mortgages for second (or more) residential property. If the property prices increases too quickly, the local government may further increase interest rates and down payment ratio for mortgages for second (or more) properties. For cities with existing purchase restrictions, the city municipals shall impose further restrictions. For cities with no purchase restrictions, the provincial governments must require these cities to promptly adopt purchase restrictions. The tax, building and construction authorities are required to coordinate to ensure that the 20% individual income tax on the difference between the sales proceeds and the original purchase price for the sale of second-hand properties is strictly implemented. These policies aim to serve to restrain the trend of excessive increase in housing prices. At the end of 2013, a new round of policies aimed at promoting affordable housing and discouraging speculative investments in residential properties was announced in a number of large cities in China.

The PRC government has eased certain restrictive measures starting in the third quarter of 2014 to foster the growth of the residential property market in China, encourage transactions and reduce idle housing inventory. However, such action has resulted in the property markets in first- and certain second-tier cities showing signs of overheating. As a response, in certain first- and second-tier cities including without limitation Shanghai, Shenzhen and Suzhou, local governments have again enhanced restrictive measures such as raising the minimum percentage of down payment of the purchase price of the second (or more) residential property of a family, requiring longer social insurance records in such cities for citizens whose household registration were not in such cities, and restriction on the percentage of price increases by real estate developers during a year. In 2015, the PRC government raised the percentage of down payment and changed the calculation base of business tax concerning transfer of individual housing, pursuant to which, where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax. In 2016, such tax policies was further refined.

On February 13, 2017, the Asset Management Association of China issued Circular 4 of Regulation for Registration Management of Private Asset Management Plan by Securities and Future Institutions (the "**Circular 4**"). Circular 4 provides that any private equity and asset management plan that is adopted to make either direct or indirect investment into any ordinary residential property project located in certain PRC cities where the property price increases too fast shall not be filed for a record temporarily. Such cities currently include 16 major cities in the PRC, such as Shanghai, Hefei, Nanjing, Suzhou, Tianjin, Fuzhou, Wuhan and Zhengzhou, and the list of such cities may be updated from time to time in the future according to the relevant regulations of the Ministry of Housing and Urban-Rural Development of the PRC. In addition, a private equity and asset management plan shall neither be used to finance any real estate developer by means of bank entrusted loans, trust plans, or usufruct of transferee assets, for the purpose of paying the price of land grant or supplementing the working capital, nor be used to directly or indirectly facilitate any violation or illegality of various institutions' granting of loans for down payments.

In March 2017, local governments in certain major cities and provinces in the PRC, such as Beijing, Hangzhou and Hebei, introduced further policies to restrain property purchases for specific purposes and refrain property prices from rising too quickly. Such policies include suspending the provision of individual housing loans with the term of more than 25 years, raising the minimum percentage of down payment of the purchase price and strictly restricting purchasers from acquiring second (or more) residential property. On April 1, 2017, the MLR and the Ministry of Housing and Urban-Rural Development issued the Circular of the Ministry of Housing and Urban-Rural Development and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》). To maintain a housing supply-demand balance, cities facing serious over-demand and overheated market shall increase the supply of housing land, especially for ordinary commercial houses; and cities with excessive housing supply shall reduce or suspend the land supply for housing. All the local governments shall build an inspection system to monitor the source of funds for land acquisition to ensure that the real estate developers use their own legal funds to purchase lands. These measures reduced the transaction volumes in certain major cities in the PRC in the second quarter of 2017.

In July 2017, NDRC, CSRC, Ministry of Finance, Ministry of Housing and Urban-Rural Development, Ministry of Public Security, MLR, SAT, SAIC and PBOC jointly issued the Notice on Accelerating the Development of Renting Market in Large and Medium-sized Cities with Influx Population (《關於在人口淨流入的大中城市加快發展住房租賃市場的通知》), promoting the development of renting market through multiple channels, such as increasing the land bank to be granted for renting houses, encouraging the ancillary renting houses in new commodity properties.

In accordance with Notice of Launching Special Actions in Some Cities to Fight Activities Undermining People's Interests and Disrupting the Property Market (《關於在部分城市先行開展打擊侵害群眾利益違法違規行為治理房地產市場亂象專項行動的通知》) jointly issued on June 25, 2018 by the Ministry of Housing and Urban-Rural Development, the Publicity Department of the CPC Central Committee, the Ministry of Public Security, the Ministry of Justice, the State Administration of Taxation, the State Administration for Market Regulation and China Banking and Insurance Regulatory Commission, special actions will be taken in some cities from July 2018 to December 2018. The key issues to be regulated include: (i) speculative purchase of housing, including monopolizing housing resource, manipulating property prices or rental; (ii) illegal or violating behaviors conducted by real estate developers, including selling commodity housing at price different than that filed with the government or increasing price in disguise by imposing additional conditions to limit the legal rights of home buyers (such as bundling parking space or decorating), and violating the provisions on transparent pricing such as not stating sales status or price of housing resource. The Ministry of Housing and Urban-Rural Development has already circulated two lists of law-breaking real estate developers and intermediary agencies.

There are no assurances that the PRC government will relax existing restrictive measures, or not to impose or enhance restrictive measures, other restrictive policies, regulations or measures in the future. The existing and other future restrictive measures may limit our access to capital, reduce market demand for our products and increase our finance costs, and any easing measures introduced may also not be sufficient. We currently do not expect the impacts on our overall operation of the abovementioned new restrictive policies, regulations and measures to be significant because we are able to modify our operating strategies accordingly. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes negatively impact our business, our financial condition, results of operations and prospects may be materially and adversely affected.

The PRC property industry is highly competitive and we may not compete successfully against existing and new competitors.

There are a large number of property developers in the PRC and we expect the level of competition to increase over time, especially as new players enter the market and existing players expand, merge, reorganize and become more established. Intense competition among property developers in China for land, financing, construction materials and skilled management and human resources may result in increased cost for land acquisition and construction, an oversupply of properties available for sale, a decrease in property prices, a slowdown in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and an increase in administrative costs for hiring or retaining qualified contractors and personnel. Many of our competitors, including overseas developers and top-tier domestic real estate developers, may have more financial or other resources than us. Domestic and overseas property developers have entered the property development markets in these cities where we have operations. If we fail to compete effectively, our business operations and financial condition may be negatively affected.

RISKS RELATING TO DOING BUSINESS IN THE PRC

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

We conduct our business operations in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including but not limited to:

- economic structure;
- level of governmental involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

As a result of these differences, our business may not develop in the same way or at the same rate as might be expected if the PRC economy were similar to those of developed countries. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. The PRC government has implemented economic reform measures emphasizing responsiveness to market forces in the development of the PRC economy. However, the PRC government continues to play a significant role in regulating industries by imposing industrial policies. Furthermore, despite the implementation of such reforms, changes in the PRC's political and social condition, laws, regulations, policies and diplomatic relationships with other countries could have an adverse effect on our business, financial condition or results of operations.

In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. This refining and adjustment process may not necessarily have a positive effect on our operations and business development. Other political, economic and social factors may also lead to further adjustments of the reform measures. For example, the PRC government has in the past implemented a number of measures intended to curtail certain segments of the economy, including the real estate industry, which the government believed to be overheating. These actions, as well as other actions and policies of the PRC government, could cause a decrease in the overall level of economic activity in the PRC and, in turn, have an adverse impact on our business and financial condition.

In the event that the PRC government promulgates the proposed PBOC standards as reported, our Group's financial positions may be adversely affected.

Recently, news articles on the PBOC's plans to control the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers began to emerge. In particular, under such new standard, for a property developer, (i) the liability asset ratio (calculated as total liabilities less contract liabilities divided by total assets less contract liabilities), shall not exceed 70%; (ii) the net gearing ratio (calculated as total interest-bearing liabilities less cash and bank balances divided by total equity) shall not exceed 100%; and (iii) the cash to short-term borrowing ratio (calculated as cash and bank balances divided by short-term interest bearing liabilities) shall not be lower than 1.0. The proposed standard further stipulates that (i) for property developers which comply with all the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 15% annually; (ii) for property developers which only comply with two of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for those property developers which fail to comply with any of the above-mentioned three limits, their size of interest-bearing liabilities shall not increase at all. As of the Latest Practicable Date, no such new regulations had been officially proposed. In the event that the PRC government promulgates such new regulations as reported, our Group's financial positions may be adversely affected. See "Financial Information—Summary of Key Financial Ratios—Financial Ratios under the Proposed PBOC Standard."

The PRC legal system has inherent uncertainties that could limit the legal protection available to us.

Our business is conducted in mainland China and is governed by the PRC laws and regulations. All of our operating subsidiaries are located in China and are subject to the PRC laws and regulations. The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Additionally, the PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of the PRC laws and regulations may not be definitive. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis, if at all) that some rules may have a retroactive effect. The PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities and as such, when the PRC laws, rules, regulations and policies apply in different provinces, there may be different and varying applications and interpretations in different parts of the PRC. Legislation or regulations, particularly for local applications, may be enacted without sufficient prior notice or announcement to the public. Accordingly, we may not be aware of the existence of new legislation or regulations. There is at present also no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the documentation that it holds available for inspection. As a result, the legal protections available to you under the PRC legal system may be limited.

The PRC regulations of loans and direct investment by offshore holding companies to the PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries.

In utilizing the proceeds from the Global Offering or any further offering, as an offshore holding company of our PRC subsidiaries, we may make loans to our PRC Subsidiaries, or we may make additional capital contributions to our PRC Subsidiaries. Any loans provided by us to our PRC Subsidiaries are subject to the PRC regulations. For example, loans by us to our PRC Subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered or filed on record. We may also decide to finance our PRC Subsidiaries through capital contributions. These capital contributions must be filed with or approved by the MOFCOM or its local counterpart and registered with the SAMR or its local branch. We cannot assure you that we will be able to obtain these government registrations or approvals or to complete filing and registration procedures on a timely basis, if at all, with respect to future loans or capital contributions by us to our Subsidiaries or any of their respective Subsidiaries.

If we fail to receive such registrations or approvals or fail to complete such filing or registration procedures, our ability to use the proceeds of the Global Offering and to capitalize our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

We may rely on dividends paid by our Subsidiaries and associated companies to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC Subsidiaries and associated companies to pay dividends to us could have a material and adverse effect on our ability to conduct our business.

We are a holding company incorporated in the Cayman Islands and operate our core businesses through our operating Subsidiaries and associated companies in the PRC. The ability of our Subsidiaries and associated companies to pay dividends or other distributions may be subject to their earnings, financial position, cash requirements and availability, applicable laws and regulations and restrictions on making payments to us contained in financing or other agreements. If any of our Subsidiaries and associated companies incurs indebtedness in its own name, the instruments governing the indebtedness may restrict dividends or other distributions on its equity interest to us. These restrictions could reduce the amount of dividends or other distributions that we receive from these entities, which could in turn restrict our ability to fund our business operations and to pay dividends to our Shareholders. During the Track Record Period, none of our Subsidiaries and associated companies paid any dividend.

Furthermore, payments of dividends by our Subsidiaries and associated companies are subject to restrictions under the PRC laws. Under PRC laws, distributable reserves consist of net profit calculated according the PRC GAAP, which, in many aspects, differs from the generally accepted accounting principles in other jurisdictions, including IFRS. Because the calculation of distributable profits under the PRC GAAP is different from the calculation under IFRS in certain respects, our operating Subsidiaries may not have distributable profits as determined under the PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our PRC Subsidiaries and associated companies. Failure by our operating Subsidiaries in the PRC to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Furthermore, restrictive covenants in bank credit facilities or other agreements that we or our Subsidiaries may enter into in the future may also restrict the ability of our Subsidiaries and associated companies to provide capital or declare dividends to us and our ability to receive distributions. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders.

In addition, under the CIT Law, if a foreign entity is deemed to be a "non-resident enterprise" as defined under the CIT Law, a withholding tax at the rate of 10% will be applicable to any dividends for earnings accumulated since January 1, 2008 payable to the foreign entity, unless it is entitled to reduction or elimination of such tax, including by tax treaties or agreements.

We may be classified as a "resident enterprise" for PRC corporate income tax purposes, which could result in unfavorable tax consequences to us and our non-PRC Shareholders.

The CIT Law provides that enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and are generally subject to the uniform 25% corporate income tax rate on their worldwide income. "De facto management body" is defined as the body that has the significant and overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009, SAT promulgated a circular to clarify the certain criteria for the determination of the "de facto management bodies" for foreign enterprises controlled by the PRC enterprises. These criteria include: (1) the enterprise's day-to-day operational management is primarily exercised in China; (2) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in China; (3) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in China; and (4) 50.0% or more of voting board members or senior executives of the enterprise habitually reside in China. However, as this circular only applies to enterprises established outside of China that are controlled by the PRC enterprises or groups of the PRC enterprises, it remains unclear how the tax authorities will determine the location of "de facto management bodies" for overseas incorporated enterprises that are controlled by individual PRC residents like us and some of our Subsidiaries. Therefore, although substantially all of our management is currently located in the PRC, it remains unclear whether the PRC tax authorities would require or permit our overseas registered entities to be treated as PRC resident enterprises. We do not currently consider our Company to be a PRC resident enterprise. However, if the PRC tax authorities disagree with our assessment and determine that we are a "resident enterprise," we may be subject to corporate income tax at a rate of 25% on our worldwide income and dividends paid by us to our non-PRC Shareholders as well as capital gains recognized by them with respect to the sale of our Shares may be subject to a PRC withholding tax. This will have an impact on our effective tax rate, a material adverse effect on our net income and results of operations, and may require us to withhold tax on our non-PRC Shareholders.

We face uncertainty relating to the Public Announcement on Several Issues Concerning Corporate Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) ("SAT Circular No. 7") issued by the PRC State Administration of Taxation.

On February 3, 2015, the PRC State Administration of Taxation issued the SAT Circular No. 7, which abolished certain provisions in the Circular on Strengthening the Administration of Corporate Income Tax on Non-PRC Resident Enterprises' Share Transfers (《關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) ("**SAT Circular No. 698**"), previously issued by the State Administration of Taxation on December 10, 2009. SAT Circular No. 7 provides comprehensive guidelines relating to indirect transfers by a non-PRC resident enterprise of assets (including equity interests) of a PRC resident enterprise ("**PRC Taxable Assets**"). For example, SAT Circular No. 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of the PRC Taxable Assets, when a non-PRC resident enterprise transfers the PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets. The PRC tax authorities may disregard the existence of such overseas holding company and consider the transaction to be a direct transfer of the PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding the PRC CIT and lack any other reasonable commercial purpose. Although SAT Circular No. 7 contains certain exemptions (including (i) where a non-resident enterprise derives income from the indirect transfer of the PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of the PRC Taxable Assets, if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from the PRC CIT under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under SAT Circular No. 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving the PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying SAT Circular No. 7. SAT Circular No. 7 may be determined by the tax authorities to be applicable to our Reorganization, if such transaction were determined by the tax authorities to lack reasonable commercial purpose. As a result, we may be subject to tax under SAT Circular No. 7 and may be required to expend valuable resources to comply with SAT Circular No. 7 or to establish that we should not be taxed under SAT Circular No. 7, which may have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Fluctuations in the value of the Renminbi and the PRC government's control over foreign currency conversion may adversely affect our business and results of operations and our ability to remit dividends.

Substantially all of our revenue and expenditures are denominated in Renminbi, while the net proceeds from the Global Offering and any dividends we pay on our Shares will be in Hong Kong Dollars. Fluctuations in the exchange rates between the Renminbi and the Hong Kong Dollar or U.S. Dollar will affect the relative purchasing power in Renminbi terms. Fluctuations in the exchange rates may also cause us to incur foreign exchange losses and affect the relative value of any dividend distributed by us. Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve certain exchange rate targets and policy goals. In August 2015, PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. In 2015 and 2016, the value of the Renminbi depreciated approximately 4.4% and 7.2% against the U.S. dollar, respectively. The value of Renminbi further depreciated against the U.S. dollar in 2019. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong Dollar or U.S. Dollar in the future.

In addition, conversion and remittance of foreign currencies are subject to the PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. Under China's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, must be directly reviewed and handled by banks in accordance with the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**Circular 13**") and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligation. If we fail to convert Renminbi into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business, may be materially and adversely affected.

Failure by our Shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by the PRC residents may prevent us from being able to distribute profits and could expose us and our PRC resident Shareholders to liability under the PRC laws.

The Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("**SAFE Circular No. 37**"), which was promulgated by SAFE and became effective on July 4, 2014, requires a PRC individual resident ("**PRC Resident**") to register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle ("**Offshore SPV**") that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing. Pursuant to the Circular 13, the aforesaid registration shall be reviewed and handled by the banks and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks. Following the initial registration, the PRC Resident is also required to make registration for any major change in respect of the Offshore SPV, including, among other things, any major change of a PRC Resident shareholder, name or term of operation of the Offshore SPV, or any increase or reduction of the Offshore SPV's registered capital, share transfer or swap, merger or division. Failure to comply with the registration procedures of SAFE Circular No. 37 may result in penalties and sanctions, including the imposition of restrictions on the ability of the Offshore SPV's Chinese subsidiary to distribute dividends to its overseas parent.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Offer Shares and their liquidity and market price may be volatile.

Prior to the Global Offering, there has been no public market for our Offer Shares. The initial issue price range for our Offer Shares was the result of negotiations between us and the Underwriters, and the Offer Price may differ significantly from the market price for our Offer Shares following the Global Offering. We have applied for listing of, and permission to deal in, our Offer Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our Offer Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our Offer Shares will not decline following the Global Offering. Furthermore, the price and trading volume of our Offer Shares may be volatile.

The following factors could affect the trading volume and market price of our Offer Shares:

- actual or anticipated fluctuations in our revenue and results of operations;
- news regarding recruitment or departure 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;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, industries and events or factors beyond our control; and
- the release of lock-up or other transfer restrictions on our outstanding Offer Shares or sales or perceived sales of additional Offer Shares by us or our Shareholders.

Moreover, the securities market has from time to time experienced significant price and volume fluctuations that were unrelated or not directly related to the operating performance of the underlying companies. These broad market and industry fluctuations may have a material adverse effect on the market price and trading volume of our Offer Shares.

Future sales or perceived sales or conversion of substantial amounts of our securities in the public market could adversely affect the market price of our Offer Shares and our ability to raise capital in the future, or may result in dilution of your shareholding.

The market price of our Offer Shares could decline as a result of future sales of substantial amounts of our Offer Shares or other securities relating to our Offer Shares in the public market, or the issuance of new Offer Shares or other securities relating to our Offer Shares or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could materially and adversely affect the prevailing market price of our Offer Shares and our ability to raise capital in the future at a time and at a price which we deem appropriate. In addition, our Shareholders would experience a dilution in their holdings upon the issuance of additional securities for any purpose. If additional funds were raised through our issuance of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders, the percentage ownership of such Shareholders could be reduced and such new securities might confer rights and privileges that take priority over those conferred by the Offer Shares.

A certain number of our Offer Shares held by existing Shareholders are or will be subject to contractual and/or legal restrictions on resale for a period of time after completion of the Global Offering. See "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Underwriting Agreement" in this prospectus. After the lapse of the abovementioned restrictions, future sales or perceived sales of substantial amounts of our Offer Shares, or the possibility of such sales by us, could negatively impact the market price of our Offer Shares and our ability to raise equity capital in the future.

Since there will be a gap of several days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall when the trading of our Shares commences.

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

We will be controlled by our Controlling Shareholders, whose interests may differ from those of our other Shareholders.

Upon completion of the Capitalization Issue and the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme, our Controlling Shareholders will beneficially own and control 65.55% of our share capital. Subject to the Articles of Association, our Controlling Shareholders will continue to have the ability to exercise a controlling influence over our management, policies, business and affairs by controlling the composition of our Board, determining the timing and amount of dividend distributions, approving material transactions such as major mergers, acquisitions and overseas investments, approving our annual budgets and amending the Articles of Association. The interest of our Controlling Shareholders may differ from the interest of our other Shareholders, and our Controlling Shareholders have no obligation to consider the interests of our other Shareholders. We cannot guarantee that our Controlling Shareholders will not cause us to revise our business strategies, enter into transactions, take or fail to take any other actions or make decisions that conflict with the best interests of our other Shareholders. In the event that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholder may be disadvantaged.

As the Offer Price of our Offer Shares is higher than our net tangible book value per Offer Share, purchasers of our Offer Shares in the Global Offering may experience immediate dilution upon such purchases.

As the Offer Price of our Offer Shares is higher than the net tangible assets per Offer Share immediately prior to the Global Offering, purchasers of our Offer Shares in the Global Offering will experience an immediate dilution in pro forma adjusted net tangible assets of HK$2.67 per Offer Share (assuming an Offer Price of HK$4.25 per Offer Share, that being the mid-point of the stated Offer Price range, and assuming the Over-allotment Option for the Global Offering is not exercised and without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme). Our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per Offer Share of their Offer Shares.

We cannot guarantee that we will pay dividends.

Our Company did not declare or pay any dividend during the Track Record Period. Our Board of Directors has discretion in determining the frequency and amount of dividend distributions, which will be subject to the approval of our Shareholders at a general meeting. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our cash flows, financial condition and results of operations, capital adequacy ratios, operating and capital expenditure requirements, distributable profits of our PRC Subsidiaries as determined under the PRC GAAP, our Articles of Association, statutory and regulatory restrictions on the payment of dividends and other factors that our Board of Directors deems relevant. See "Financial Information—Dividend" in this prospectus. There is no assurance that we will pay dividend in the future.

You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in China or Hong Kong based on foreign laws against us and our Directors and senior management.

We are incorporated under the laws of the Cayman Islands. As a result, a Shareholder may not be able to enforce a judgment against us or some or all of the Directors and executive officers outside the Cayman Islands. It may not be possible for a Shareholder to effect service of process upon the Directors and executive officers within the Shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of the Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that a Shareholder will be able to enforce any judgments in civil and commercial matters against the Directors or executive officers who are residents of countries other than those in which judgment is made.

All of our executive Directors and executive officers reside within mainland China, and substantially all of the assets of those persons and substantially all of our assets are located within mainland China. Therefore, it may be difficult for investors to effect service of process upon us or those persons inside mainland China or to enforce against us or them in mainland China any judgments obtained from non-PRC courts.

China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

You may face difficulties in protecting your interests under the laws of the Cayman Islands.

We are a Cayman Islands company and our corporate affairs are governed by, among other things, our Memorandum of Association, Articles of Association, the Companies Act and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority Shareholders differ in some respects from those in other jurisdictions. Such differences may mean that the remedies available to the minority Shareholders may be different from those they would have under the laws of other jurisdictions.

We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the PRC economy and the PRC real estate industry contained in this prospectus.

We have derived certain facts, forecasts and other statistics in this prospectus, particularly those relating to the PRC, the PRC economy and the PRC real estate industry in which we operate, from information provided by the PRC and other government agencies, industry associations, independent research institutes or other third-party sources. While we have taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by us, the Underwriters or any of our or their affiliates or advisors (which, for the avoidance of doubt, excludes JLL, our industry consultant), and, therefore, we cannot assure you as to the accuracy and reliability of such facts, forecasts and statistics, which may not be consistent with other information compiled inside or outside the PRC. Such facts, forecasts and statistics include the facts, forecasts and statistics used in "Risk Factors," "Industry Overview" and "Business." Because of possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts, forecasts or statistics.

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

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate," "believe," "could," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would" or "will" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

Before the publication of this prospectus, there may be press and media coverage which contains certain information regarding the Global Offering and us that is not set out in this prospectus. We have not authorized the disclosure of such information in any press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no presentation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should not rely on any such information.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Currently, none of our executive Directors reside in Hong Kong.

Since our core business and operations are primarily located, managed and conducted in the PRC, our Company does not, and for the foreseeable future, will not, have executive Directors who are ordinarily resident in Hong Kong, and it would be practically difficult and commercially unnecessary for us to relocate two of our executive Directors to Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for and the Stock Exchange has granted to us a waiver from compliance with Rule 8.12 of the Listing Rules on the basis that the following measures have been adopted by us:

(1) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that our Group complies with the Listing Rules at all times. The two authorized representatives appointed are Mr. Qian, our executive Director and chairman of our Board, and Mr. Chang Eric Jackson, our company secretary. Mr. Chang Eric Jackson is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the two authorized representatives is authorized to communicate on our behalf with the Stock Exchange;

(2) all our authorized representatives have means to contact all of our Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. To enhance communication between the Stock Exchange, the authorized representatives and our Directors, we have implemented a policy that (a) each Director has provided his/her mobile phone number, office phone number, fax number and email address to the authorized representatives; (b) in the event that a Director expects to travel, he/she will endeavor to provide the phone number of the place of his/her accommodation to the authorized representatives or maintain an open line of communication via his/her mobile phone; and (c) all our Directors and authorized representatives will provide their respective mobile phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange;

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

(4) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the compliance adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in our authorized representatives and/or the compliance adviser.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions—Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement". See "Connected Transactions" in this prospectus.

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 (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

THIS HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering. See "How to Apply for Hong Kong Offer Shares" in this prospectus and the Application Forms for details of the procedures for applying for the Hong Kong Offer Shares.

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 conditions set out herein and therein. No person has been authorized to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorized by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as at any subsequent time.

STRUCTURE OF THE GLOBAL OFFERING AND UNDERWRITING

See "Structure of the Global Offering" in this prospectus for further details of the structure of the Global Offering, including its conditions and the arrangements relating to the Over-allotment Option and stabilization. The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or around the Price Determination Date, subject to agreement on the Offer Price between the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and us. The Global Offering is managed by the Sole Global Coordinator. If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse. See "Underwriting" in this prospectus for further details of the Hong Kong Underwriters and the underwriting arrangements.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, and is deemed by his acquisition of Hong Kong Offer Shares to have confirmed, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

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. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Stock Exchange for the granting of the listing of and permission to deal in the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) and Shares which may be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme. Dealings in the Shares on the Stock Exchange are expected to commence on Monday, July 19, 2021.

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

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. You should seek the advice of your stockbroker or other professional advisor for details of those settlement arrangements as such arrangements will affect your rights and interests.

HONG KONG SHARE REGISTER AND STAMP DUTY

All Shares issued by us pursuant to applications made in the Hong Kong Public Offering will be registered on our register of members to be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Our principal register of members will be maintained by our principal registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands.

No stamp duty is payable by applicants in the Global Offering.

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

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, disposing of, dealing in or exercising any rights in relation to, the Shares. None of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the Shares.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in RMB have been translated, for the purpose of illustration only, into Hong Kong Dollars in this prospectus at the following exchange rate: HK$1.00:RMB0.8315, the middle rate set by the PBOC for foreign exchange transactions prevailing on June 21, 2021.

No representation is made that any amounts in RMB were or could have been or could be converted into Hong Kong Dollars at such rate or any other exchange rates on such date or any other date.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency. The Chinese name prevails.

ROUNDING

Certain amounts and percentages 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.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Qian Kun (錢堃)	No. 310 Huoshenmiao Street Qiaocheng District, Bozhou Anhui Province PRC	Chinese
Ms. An Juan (安娟)	No. 310 Huoshenmiao Street Qiaocheng District, Bozhou Anhui Province PRC	Chinese
Mr. Wang Zizhong (王子忠)	Room 901, 9/F, Unit 1 Tower 19, Shengshijiaheyuan Bozhou City, Anhui Province PRC	Chinese
Mr. Zhang Xiaohui (章曉輝)	Room 104, Unit 2, Block 2 Rongke Jiuchongjinyuan Xiyou Road, New Municipal and Cultural District Hefei City, Anhui Province PRC	Chinese
Independent Non-executive Directors		
Mr. Chan Ngai Fan (陳毅奮)	Flat F, 32/F, Tower 10 Grand Yoho 9 Long Yat Road, Yuen Long New Territories Hong Kong	Chinese
Mr. Chen Sheng (陳晟)	Room 0102 No. 22, 815 Lane, Taolin Road Pudong New Area, Shanghai PRC	Chinese
Mr. Zhou Zejiang (周澤將)	Room 1503, 15/F, Unit 1 Block 3, Tongheyijutonghui (Nanyuan) Guangming Road, Shushan District Hefei City, Anhui Province PRC	Chinese

Please see "Directors and Senior Management" in this prospectus for further details of our Directors and senior management members.

PARTIES INVOLVED

Sole Sponsor and Sole Global Coordinator	**CCB International Capital Limited** 12/F., CCB Tower 3 Connaught Road Central Central Hong Kong
Joint Bookrunners	**CCB International Capital Limited** 12/F., CCB Tower 3 Connaught Road Central Central Hong Kong
	CRIC Securities Company Limited Room 2007 & 2403, Great Eagle Centre 23 Harbour Road Wan Chai Hong Kong
	BOCOM International Securities Limited 9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong
Joint Lead Managers	**CCB International Capital Limited** 12/F., CCB Tower 3 Connaught Road Central Central Hong Kong
	CRIC Securities Company Limited Room 2007 & 2403, Great Eagle Centre 23 Harbour Road Wan Chai Hong Kong
	BOCOM International Securities Limited 9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong
	Futu Securities International (Hong Kong) Limited Unit C1-2, 13/F, United Centre No.95 Queensway Hong Kong

Co-Lead Managers	**I Win Securities Limited** Room 1916, Hong Kong Plaza 188 Connaught Road West Hong Kong **Valuable Capital Limited** Room 2808, 28/F, China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Legal Advisors to our Company	*As to Hong Kong law:* **Sidley Austin** Level 39, Two International Finance Centre 8 Finance Street Central Hong Kong *As to PRC law:* **Commerce & Finance Law Offices** 6F NCI Tower A12 Jianguomenwai Avenue Beijing PRC *As to Cayman Islands law:* **Conyers Dill & Pearman** 29/F, One Exchange Square 8 Connaught Place Central Hong Kong
Legal Advisors to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **Morgan, Lewis & Bockius** Suites 1902-09, 19/F, Edinburgh Tower The Landmark 15 Queen's Road Central Central Hong Kong *As to PRC law:* **AllBright Law Offices** 12/F, Shanghai Tower 501 Yin Cheng Middle Road Pudong New Area Shanghai PRC

Auditor and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7/F, One Taikoo Place 979 King's Road Hong Kong
Property Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7/F, One Taikoo Place 979 King's Road Hong Kong
Compliance Advisor	**Giraffe Capital Limited** 3/F, 8 Wyndham Street Central Hong Kong
Receiving Banks	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong **CMB Wing Lung Bank Limited** CMB Wing Lung Bank Building 45 Des Voeux Road Central Hong Kong

Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarter and principal place of business in the PRC	Block 3, Hongqiao Jiahui Lane 928, Shenhong Road Minhang District, Shanghai PRC
Principal place of business in Hong Kong	46/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Company Secretary	Mr. Chang Eric Jackson *(CPA)* 15/F, Flat 4, Block B Villa Rocha 10 Broadwood Road Happy Valley Hong Kong
Authorized representatives	Mr. Qian Kun No. 310 Huoshenmiao Street Qiaocheng District, Bozhou Anhui Province PRC
	Mr. Chang Eric Jackson 15/F, Flat 4, Block B Villa Rocha 10 Broadwood Road Happy Valley Hong Kong
Audit committee	Mr. Chan Ngai Fan *(Chairman)* Mr. Chen Sheng Mr. Zhou Zejiang
Remuneration committee	Mr. Zhou Zejiang *(Chairman)* Ms. An Juan Mr. Chan Ngai Fan
Nomination committee	Mr. Qian Kun *(Chairman)* Mr. Chen Sheng Mr. Chan Ngai Fan

Principal Share Registrar and transfer office	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal bankers	**China Merchants Bank** **Hefei High-tech Zone Branch** 1/F, Block B2, 71 Tianda Road Hefei City, Anhui Province PRC
	China Construction Bank **Chuzhou Chengnan Sub-branch** 168 Qingliu Road Chuzhou City, Anhui Province PRC
	Agricultural Bank of China **Chuzhou Branch** 296 Qingliu Road Chuzhou City, Anhui Province PRC
Company website	**www.sanxungroup.com** ***(Note: The contents of this website do not form part of this prospectus)***

Certain information and statistics in this section and elsewhere in the prospectus relating to the real-estate industry and the overall China economy are derived from various official and Independent Third Party sources and have been prepared on the basis of information made public by governmental entities and inter-governmental organizations and the commissioned research report from JLL. The information presented in this section and elsewhere in the prospectus from these and other sources represents the most recent information that is currently available from those sources. We believe that the sources of the information in this section and elsewhere in this prospectus are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. We, the Sole Sponsor, the Underwriters, their respective directors, employees, agents, representatives, affiliates and advisers and all other parties other than JLL involved in the Global Offering have not independently verified, and make no representation as to, the accuracy of the information from official or other third-party sources. Such information may not be consistent with, and may not have been compiled with the same degree of accuracy or completeness as, other information compiled within or outside China. Accordingly, the official and other third-party sources contained or referred to herein may not be accurate and should not be unduly relied on.

INTRODUCTION

In connection with the Global Offering, we have commissioned JLL, an Independent Third Party, for use in this prospectus to prepare the Industry Research Report with necessary information on the real estate markets in China and the cities in which we operate. JLL has charged us a total fee of approximately RMB215,000 for the preparation of the Industry Research Report, which we believe is in line with the market rate for similar reports.

JLL is an international professional services and investment management firm offering specialized real estate services to clients seeking increased value by owning, occupying and investing in real estate. JLL has more than 330 corporate offices, operates in more than 80 countries and has a global workforce of more than 91,000.

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

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

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

- It is a general market practice to adopt official data and announcements from various Chinese government agencies; and
- JLL understands the data collection methodology and data source of its proprietary database and the subscribed database from CREIS (中國指數研究院).

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

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

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

OVERVIEW OF THE PRC ECONOMY

As the world's second-largest economic entity, the PRC's nominal GDP has increased from RMB68,886 billion in 2015 to RMB101,599 billion in 2020 representing a CAGR of 8.1% during the past years. Although under the pressure of U.S. tariffs, the real GDP of the PRC still grew at a rate of 6.1% in 2019. Population growth slowed down between 2015 and 2019. Meanwhile, fixed asset investment witnessed a slight decline from RMB56,200 billion in 2015 to RMB52,727 billion in 2020 with a CAGR of -1.3%. Actual utilization of foreign direct investment reached USD144.4 billion in 2020 representing a CAGR of 2.7%. The table below sets out selected economic indicators of the PRC for the years indicated:

Major economic indicators in the PRC (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Permanent Population *(million)*	1,375	1,383	1,390	1,395	1,400	N/A	N/A
Nominal GDP *(RMB billion)*	68,886	74,640	83,204	91,928	99,087	101,599	8.1%
Real GDP growth rate *(%)*	7.0	6.8	6.9	6.7	6.1	2.3	6.0*
Fixed asset investment *(RMB billion)*	56,200	60,647	64,124	64,568	56,087	52,727	(1.3%)
Fixed asset investment growth rate *(%)*	9.8	7.9	7.0	5.9	5.1	2.7	6.4*
Actual utilization of foreign direct investment *(USD billion)*	126.3	126.0	131.0	135.0	138.1	144.4	2.7%

Source: National Bureau of Statistics

Notes: * is the arithmetic mean

DRIVERS OF THE REAL ESTATE MARKET IN THE PRC

Further Development of Metropolitan Clusters

In terms of "2018 Development Report on the PRC Megalopolis" (《2018年中國都市圈發展報告》) issued by the Institute of China's Sustainable Urbanization of Tsinghua University (清華大學中國新型城鎮化研究院), 77.8% of the total nominal GDP in the PRC was generated by 34 megalopolises. Specifically, as stated in "the Development Plan of Urban Agglomeration in the Yangtze River Delta" (《長江三角洲城市群發展規劃》)) issued by National Development and Reform Commission, Yangtze River Delta Megalopolis is formed by Shanghai, Nanjing, Hefei, Chuzhou and different tiers of cities in Jiangsu, Zhejiang and Anhui provinces. As one of the most recognized crucial megalopolises, Yangtze River Delta Megalopolis has enjoyed an increasing population and dynamic economic development in recent years. The nominal GDP of 26 cities in the Yangtze River Delta Megalopolis amounted to RMB20,513 billion, contributing to approximately 20.0% of the GDP in the PRC with an average GDP growth rate of 4.0%, which exceeded the 2.3% national level in 2020. The flourishing economic environment and increasing population has been driving a considerable housing demand in the Yangtze River Delta Megalopolis and other fast-growing city clusters.

Government's Encouragement in Rebuilding Urban Shanty Towns

In recent years, all regions and relevant government agencies in the PRC have continuously reinforced efforts in rebuilding shanty towns in urban areas. According to the Ministry of Housing and Urban-Rural Development of the PRC, 2.1 million housing units were rebuilt in urban shanty towns in 2020. In addition, local governments have been replacing housing arrangements by providing monetary compensation to relocate residents. Therefore, residents with monetary compensation are likely to improve their housing conditions, which could result in a promising residential property market in the PRC.

Population Migration Redirection

According to the population statistics of selected cities from the National Bureau of Statistics, tier-1 cities such as Beijing are now experiencing a relatively low population growth. On the contrary, many prefecture-level cities with progressive industry and economic development have seen a moderate increase in population. One of the reasons is that higher-tier cities generally have relatively high residential property price and strict household registration policy. Therefore, the direction of population migration is gradually changing and as such, there are more strategical choices for property developers.

Continuing Urbanization

Under the reform of the HUKOU Policy (戶口政策), urban population in the PRC has maintained an increasing trend and reached 848 million in 2019. Correspondingly, the urbanization rate in the PRC has been increasing as well, from 54.8% in 2014 to 60.6% in 2019. According to the National Plan on New Urbanization (2014-2020) (《國家新型城鎮化規劃(2014-2020)》) issued by the State Council of the PRC, the urbanization rate is expected to exceed 60% from 2020 onwards. The continuing urbanization is an important driving force of the real estate market.

Increase in Disposable Income and Expenditure of Urban Households

As a result of the rapid economic development, people's living standards have been improving significantly. Both income and expenditure experienced steady growth in recent years. Per capita disposable income of urban households increased from RMB31,195 in 2015 to RMB43,834 in 2020 at a CAGR of 7.0%, while per capita consumption expenditure of urban households reached from RMB21,392 in 2015 to RMB27,007 in 2020, representing a CAGR of approximately 4.8% over the same period. The increasing domestic consumption encouraged people to pursue a higher living standard.

OVERVIEW OF THE RESIDENTIAL PROPERTY MARKET IN THE PRC

Major Indicators of the Residential Property Market in the PRC

Accompanied with the rapid economic development and the growth of fixed asset investment, real estate investment in the PRC increased significantly. Real estate investment surged from RMB9,598 billion in 2015 to RMB14,144 billion in 2020. In the residential property market, contemporaneous urbanization and consumption upgrade have generated robust demand. In 2020, the investment in the residential properties reached RMB10,445 billion, representing a CAGR of 10.1% for the period between 2015 and 2020. The GFA of residential properties under construction showed a mild growing trend with a CAGR of 5.1% for the same period. Due to the government policy about de-stocking in the residential property market, GFA of residential property completed slightly decreased during the monitored period. Nevertheless, on the demand side, GFA of residential properties sold rose to 1,549 million sq.m. in 2020 with a CAGR of 6.6% over the same period. With the increase in demand in the residential property market, the average price of residential properties in the PRC rose from RMB6,473 per sq.m. in 2015 to RMB9,980 per sq.m. in 2020 with a CAGR of 9.0%. The table below sets out selected residential property market indicators of the PRC for the years indicated:

Selected residential property market indicators of the PRC (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Real estate investment *(RMB billion)*	9,598	10,258	10,980	12,017	13,219	14,144	8.1%
Investment in residential properties *(RMB billion)*	6,460	6,870	7,515	8,512	9,707	10,445	10.1%
GFA of residential properties under construction *(million sq.m.)*	5,116	5,213	5,364	5,700	6,277	6,556	5.1%
GFA of residential properties completed *(million sq.m.)*	738	772	718	660	680	659	(2.2%)
GFA of residential properties sold *(million sq.m.)*	1,124	1,375	1,448	1,478	1,501	1,549	6.6%
Average price of residential properties *(RMB per sq.m.)*	6,473	7,203	7,614	8,553	9,287	9,980	9.0%

Source: National Bureau of Statistics

Impact of Coronavirus Outbreak on the PRC's Real Estate Market

The COVID-19 outbreak has curbed demand and off-plan sales in 2020 Q1, represented by the year-on-year decrease in total sales of residential properties. However, total sales of residential properties doubled in 2020 Q2 compared with the previous quarter and remained the upward trend in 2020 Q3 and Q4. Meanwhile, under the pressure of coronavirus outbreak, the optimistic expectation of investors for the real estate market continued to push up the price of residential properties in 2020. In 2020 Q3 the average price of residential properties reached RMB10,322.2 per sq.m., marking its highest level between 2019 and 2020. In fact, the key drivers of the PRC's real estate market are urbanization, redevelopment of shanty towns, population migration, disposable income of urban households, the guidance of the housing policies and so on. Although the coronavirus outbreak has negatively affected the real estate market of the PRC, its impact has gradually eased since 2020 Q2. In the medium and long run, the fundamentals of the real estate market of the PRC will remain stable and resilient and benefit from the sustainable market opportunities generated during the process of the PRC's economic transformation from high-speed growth to high-quality growth.

Selected residential property market indicators of the PRC (2019 Q1-2020 Q4)

	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Real estate investment *(RMB billion)*	2,380.3	3,780.6	3,639.9	3,418.6	2,196.3	4,081.7	4,070.4	3,795.9
Total sales of residential properties *(RMB billion)*	2,323.9	3,810.6	3,615.2	4,194.3	1,793.4	4,169.9	4,386.4	5,107.0
GFA of residential properties under construction *(million sq.m.)**	4,845.6	5,382.8	5,836.8	6,276.7	5,046.2	5,587.8	6,070.3	6,555.6
GFA of residential properties sold *(million sq.m.)*	259.5	402.3	384.7	454.9	192.4	418.8	425.0	512.6
Average price of residential properties *(RMB per sq.m.)***	8,953.9	9,472.7	9,397.7	9,219.5	9,323.6	9,955.8	10,322.2	9,963.3

Source: National Bureau of Statistics

Notes:
* GFA of residential properties under construction is a total floor area of residential properties constructed by the end of that quarter for the year indicated.

** Average price of residential properties is calculated based on total sales of residential properties and GFA of residential properties sold.

Recent Development of the Residential Property Market in the PRC

The PRC government plays a key role in the real estate market and has promulgated various control measures to avoid over-heating of the property sector in recent years. Legislative measures integrating monetary, fiscal, land, regulatory and financing policies in a comprehensive approach, are aimed at stabilizing the real estate market and are expected to continue in the near future. Such legislative measures include but not limited to implementing regulations and policies on down payments of housing provident loans, restrictive conditions for home buyers, prices of residential properties, land supply, etc. The principle of "Housing is for living, but not for speculations" ("房子是用來住的，不是用來炒的") was first introduced in 2016 and has been strictly implemented ever since. The PRC government emphasized that China will step up efforts to establish a long-term mechanism for the healthy development of the real estate market and will not use the real estate market as a form of short-term stimulus.

In 2018, the PRC government emphasized the responsibility of local government by adhering to "city-specific policies and category-specific guidance ("因城施策分類指導"), and launched a new round of the three-year shanty town redevelopment plan. The city-specific policies issued by the local government keep pace with the market, for instance, Hefei has promulgated regulations on restrictive conditions for home buyers and reform of the examination and approval system for construction projects. See "Regulatory Overview" in this prospectus.

COMPETITIVE LANDSCAPE AND OUR MARKET POSITION

Competitive Landscape

Both national and regional residential property markets in the PRC are highly fragmented and competitive. Market participants are divided into cross-regional developers, renowned national developers, and moderate-sized regional and local developers. According to Wind (萬德數據庫), the number of real estate developers in the PRC in 2019 is 99,544, among them Anhui owned 4,112 real estate developers. Most of them mainly operate in residential property development. Due to increased competition and economies of scale, top real estate developers grew significantly in scale from 2016 to 2018, further increasing the market share of China's top 50, 100 and 200 real estate developers. After the rapid growth in scale, the market share of top 50, 100 and 200 real estate developers remained relatively stable in 2019 and 2020. The table below sets out the market share of the top 50, 100 and 200 real estate developers by contracted sales in the PRC for the years indicated:

	The real estate market share by sales in the PRC (2016-2020)				
	2016	**2017**	**2018**	**2019**	**2020**
Top 50 real estate developers	35.3%	45.8%	55.1%	52.9%	55.0%
Top 100 real estate developers	44.9%	55.5%	66.7%	63.5%	66.2%
Top 200 real estate developers	52.8%	62.1%	74.4%	70.8%	73.6%

Source: Wind

Market Position

Sanxun Holdings Group Limited can be traced back to the establishment of Anhui Sanxun Investment in 2004. It started its business in residential properties and operated mainly in Anhui Province. In earlier years, Sanxun Holdings Group Limited mainly focused on penetrating markets in lower-tier cities and their surrounding cities with relatively low urbanization rate, while in recent years, it started to explore tier-2 cities like Hefei and Nanjing.

As a regional real estate developer, Sanxun Holdings Group Limited has been deeply rooted and has established a predominant position in Anhui Province. Based on the ranking by Anhui Economic and Information Bureau (安徽省經濟和信息化廳), Sanxun Holdings Group Limited ranked third in terms of operating income in 2019 among all private real estate enterprises in Anhui Province. Based on CRIC (克而瑞), Sanxun Holdings Group Limited ranked No. 162 in 2020 in terms of total sales. Furthermore, its property development business has covered the majority of Anhui Province, where those cities take up 61% of the nominal GDP in 2020. According to CREIS (中國指數研究院) and other developers' official websites, Sanxun Holdings Group Limited currently has presence in seven cities in Anhui Province, including Hefei, Huainan, Chuzhou, Bozhou, Fuyang, Suzhou and Anqing. The table below sets out 2020 top real estate developers based in Anhui Province:

	2020 Top real estate developers based in Anhui Province	
Company	**Rank by total sales**	**Number of cities covered**
Company C	1	6
Company A	2	6
Sanxun	3	7
Company B	4	7
Company E	5	6
Company D	6	3

Source: CRIC, Above mentioned developers' official websites

Sanxun Holdings Group Limited grew rapidly in recent years. According to EH Consulting (億翰智庫), Sanxun Holdings Group Limited ascended to No. 71 in 2020 from No. 82 in 2019 among the Top 100 Real Estate Developers in the PRC in terms of brand value[1]. Additionally, the ranking of Sanxun Holdings Group Limited was improved to No. 85 in 2020 from No. 91 in 2019 based on comprehensive performance[2]. In March 2020, Sanxun Holdings Group Limited was honored as one of the 2020 China Top 100 Real Estate Developers (2020年房地產百強企業) and 2020 China Star Real Estate Developers (2020年房地產百強之星) by China Real Estate Top 10 Research (中國房地產TOP 10研究組) based on a comprehensive assessment system covering seven secondary indicators: scale, profitability, growth, stability, financing, operation efficiency and social responsibility.

THE RESIDENTIAL PROPERTY MARKET OF SELECTED CITIES IN THE PRC

Impact of Coronavirus Outbreak on Anhui's Real Estate Market

According to the data released by Statistics Bureau of Anhui Province, total sales of residential properties of Anhui shrank markedly in 2020 Q1 with a decrease of 28.1% year-on-year and a decline of 46.8% quarter-on-quarter. Similarly, average price of residential properties demonstrated a downward trend in 2020 Q1 compared with the previous quarter. However, the impact of coronavirus outbreak on Anhui's real estate market is temporary and has gradually weakened since 2020 Q2. Both total sales and average price of residential properties quickly rebounded in 2020 Q2 and remained at a relatively high level in 2020 Q3 and Q4. Overall, it is expected that in the medium and long run, the real estate market of Anhui would remain stable.

1 Brand value: is measured on the project sales revenue, brand premium ability on the project level and in capital markets, according to the two dimensions of projects and brand premium.

2 Comprehensive performance: the ranking is based on profits, contracted sales, GFA of properties sold, land reserves, etc.

Selected residential property market indicators of Anhui (2019 Q1-2020 Q4)

	2019 Q1	2019 Q2	2019 Q3	2019Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Total sales of residential properties *(RMB billion)*	122.2	172.5	152.8	165.3	87.9	205.2	182.0	288.9
GFA of residential properties sold *(million sq.m.)*	17.4	19.8	23.5	22.6	12.4	24.8	23.3	38.9
Average price of residential properties *(RMB per sq.m.)*	7,015	8,731	6,499	7,324	7,089	8,284	7,812	7,429

Source: Statistics Bureau of Anhui Province
Note: * Average price of residential properties is calculated based on total sales of residential properties and GFA of residential properties sold.

Hefei

Hefei is the capital city of Anhui Province and occupies a total land area of approximately 11,445 sq.km. As of 2019, its urbanization rate reached 76.33%. As one of the key cities of The Belt and Road Initiative (一帶一路) and Yangtze River Delta Megalopolis, Hefei's strategic position is further promoted. Hefei is also one of the fastest growing cities in the PRC. The nominal GDP of Hefei rose from RMB566.0 billion in 2015 to RMB1,004.6 billion in 2020, representing a CAGR of 12.2%. Per capita disposable income of urban households increased from RMB31,989 to RMB48,283 representing a CAGR of 8.6% during the same period.

According to the Fourteenth Five-Year Plan (十四五規劃) of Hefei Municipal Government, the quality of Hefei's economic development will be steadily improved. By the end of 2025, Hefei's nominal GDP is expected to develop with high quality; the GDP per capita is expected to rank among the top cities in the Yangtze River Delta, and the comprehensive strength is planned to ascend to top 20 cities in the PRC. By 2030, Hefei aims to develop into an international first-class comprehensive national science center and a world-class industrial innovation center, and eventually becomes a world-renowned innovation capital. The table below sets out selected economic indicators relating to Hefei for the years indicated.

Selected economic indicators of Hefei (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Permanent Population *(million)*	7.8	7.9	8.0	8.1	8.2	N/A	N/A
Nominal GDP *(RMB billion)*	566.0	627.4	700.3	860.5	940.9	1,004.6	12.2%
Real GDP growth rate *(%)*	10.5	9.8	8.5	8.5	7.6	4.3	8.2**
Per capita disposable income of urban households *(RMB)*	31,989	34,852	37,972	41,484	45,404	48,283	8.6%
Fixed asset investment *(RMB billion)*	615.3	650.1	635.1	680.2*	741.5*	776.4*	4.8%

Source: Bureau of Statistics of Hefei, CREIS
Note: * Fixed asset investment in 2018, 2019 and 2020 is calculated based on the growth rate.
** is the arithmetic mean.

Due to excess liquidity and strict regulation of the real estate market in surrounding cities, the relatively low price of Hefei's property market in the earlier years has attracted tremendous speculative demand, resulting in an explosive growth in the average price of residential properties since 2016. Investment in the residential property market increased from RMB77.9 billion to RMB123.7 billion representing a CAGR of 9.7% between 2015 and 2020. The GFA of residential properties under construction remained stable, while the GFA of residential properties completed and sold both fluctuated during the same period.

Housing demand in Hefei is expected to go up steadily in the future. On one hand, Hefei has ramped up efforts to undertake industrial transfer from Nanjing and Shanghai in order to attract more businesses and talents. On the other hand, the promising economic growth of Hefei is likely to attract a significant number of local residents who used to work in top-tier cities to come back, which could result in potential demand for housing. The table below sets out selected indicators of the residential property market in Hefei for the years indicated.

Residential property market indicators of Hefei (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Real estate investment *(RMB billion)*	125.9	135.3	155.7	152.7	155.6	154.7	4.2%
Investment in residential properties *(RMB billion)*	77.9	86.1	109.5	116.6	124.3	123.7	9.7%
GFA of residential properties under construction *(million sq.m.)*	43.3	46.8	48.5	49.2	50.8	52.8	4.0%
GFA of residential properties sold *(million sq.m.)*	12.9	17.1	9.6	11.0	11.6	13.0	0.2%
GFA of residential properties completed *(million sq.m.)*	7.1	8.6	7.8	9.1	10.4	11.3	9.8%
Average price of residential properties *(RMB per sq.m.)**	7,512	9,312	11,442	13,069	14,086	15,267	15.2%

Source: Bureau of Statistics of Hefei

Note: * Average price of residential properties is calculated based on total sales of residential properties and GFA of residential properties sold.

According to the data released by CREIS, in 2020 Q1 total sales of residential properties of Hefei witnessed a decrease of 11.5% year-on-year and an increase of 1.5% quarter-on-quarter. Average price of residential properties experienced a year-on-year rise of 15.8% and a minor decline of 0.1% quarter-on-quarter in 2020 Q1, indicating that Hefei's residential property market was less affected by the coronavirus outbreak. In 2020 Q2 total sales of residential properties was nearly doubled as compared with the previous quarter, while average price of residential properties was able to increase by 3.8% quarter-on-quarter and remained the upward trend in 2020 Q3. Overall, Hefei's real estate market is resilient and has recovered quickly since 2020 Q2. It is predicted that in the medium and long run, Hefei's real estate market would keep steady.

Selected residential property market indicators of Hefei (2019 Q1-2020 Q4)

	2019 Q1	2019 Q2	2019 Q3	2019Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Total sales of residential properties *(RMB million)*	23,800	33,534	27,961	20,749	21,058	39,212	41,056	49,238
Sales volume of residential properties	14,933	21,056	17,372	10,660	11,169	19,527	18,502	26,683
GFA of residential properties sold *(thousand sq.m.)*	1,684	2,324	1,936	1,267	1,286	2,308	2,269	3,114
Average price of residential properties *(RMB per sq.m.)*	14,134	14,429	14,444	16,383	16,370	16,987	18,095	15,812

Source: CREIS

Huainan

Huainan is a prefecture-level city in the north of Anhui Province and it is adjacent to Hefei city, Chuzhou city and Bozhou city. It covers a total land area of 5,571 sq.km., with a permanent population of 3.5 million in 2019. The local government has been actively promoting urbanization in Huainan, thus urbanization rate grew to 65.04% in 2019. From 2015 to 2020, Huainan had enjoyed rapid economic development and its nominal GDP increased from RMB91.7 billion to RMB133.7 billion, representing a CAGR of 7.8%. The per capita disposable income of urban households experienced a continuous growth from RMB28,106 to RMB37,699 between 2015 and 2020 correspondingly, representing a CAGR of 6.0%.

According to the Fourteenth Five-Year Plan (十四五規劃) of Huainan Municipal Government, Huainan's real GDP growth rate is expected to reach the average level of Anhui Province. By 2025, nominal GDP targets to exceed RMB180 billion and manage to reach RMB200 billion. Meanwhile, the industrial structure would be further optimized and the contribution of high-tech industries would be continuously enhanced. The table below sets out selected economic indicators of Huainan for the years indicated.

Selected economic indicators of Huainan (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Permanent Population *(million)*	2.4	3.5	3.5	3.5	3.5	N/A	N/A
Nominal GDP *(RMB billion)*	91.7	97.9	108.6	119.7	129.6	133.7	7.8%
Real GDP growth rate *(%)*	3.8	6.6	6.9	4.3	5.2	3.3	5.0**
Per capita disposable income of urban households *(RMB)*	28,106	28,098	30,405	32,852	35,826	37,699	6.0%
Fixed asset investment *(RMB billion)*	78.2	95.5	102.2	104.7*	108.1*	112.3*	7.5%

Source: Bureau of Statistics of Huainan
Note: * Fixed asset investment in 2018, 2019 and 2020 is calculated based on the growth rate.
** is the arithmetic mean.

Huainan's real estate investment increased significantly from RMB9.8 billion in 2015 to RMB28.8 billion in 2020, representing a CAGR of 24.1%. During the same period, the investment in residential property market has showed a significant climb from RMB6.5 billion to RMB21.8 billion, with a CAGR of 27.3%. GFA of residential properties sold increased rapidly, while GFA of residential properties completed shows fluctuation in trend. In the following years, the accelerating urbanization and improving rail transportation is likely to stimulate the residential property market as more population would flow into urban areas, which support the growth of residential properties sold and average price of residential properties. The table below sets out selected residential property market indicators of Huainan for the years indicated.

Residential property market indicators of Huainan (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Real estate investment *(RMB billion)*	9.8	12.2	19.3	22.2	30.4	28.8	24.1%
Investment in residential properties *(RMB billion)*	6.5	9.1	14.4	19.0	25.1	21.8	27.3%
GFA of residential properties under construction *(million sq.m.)*	10.6	12.4	12.7	13.4	14.1	12.0	2.5%
GFA of residential properties sold *(million sq.m.)*	1.5	2.2	3.1	3.6	3.2	2.9	14.1%
GFA of residential properties completed *(million sq.m.)*	0.8	1.7	0.8	0.9	0.5	0.9	3.5%
Average price of residential properties *(RMB per sq.m.)**	4,045	4,107	5,015	6,538	5,997	6,330	9.4%

Source: Bureau of Statistics of Huainan
Note: * Average price of residential properties is calculated based on total sales of residential properties and GFA of residential properties sold.

Chuzhou

Chuzhou is a prefecture-level city in eastern Anhui Province, located at the lower reaches of Yangtze River. Chuzhou neighbors Hefei, the capital of Anhui Province, and Nanjing, the capital of Jiangsu Province. It covers a total land area of 13,398 sq.km. with a permanent population of 4.1 million in 2019. The urbanization rate was 54.5% in 2019. Due to its geographical advantage, Chuzhou is defined as an important city in Wanjiang City Belt by the State Council in the "Planning of the Demonstration Zone for Undertaking Industrial Transfer in Wanjiang Urban Belt" (《皖江城市帶承接產業轉移示範區規劃》). Chuzhou has formed a complete industrial system gradually by undertaking industrial transfer. Its nominal GDP increased to RMB303.2 billion in 2020, representing a CAGR of 10.8%. The per capita disposable income of urban households experienced a continuous growth from RMB24,168 to RMB36,051 between 2015 and 2020 at a CAGR of 8.3%.

According to the Fourteenth Five-Year Plan (十四五規劃) of Chuzhou Municipal Government, by the end of 2025, Chuzhou's nominal GDP is expected to exceed RMB500 billion, while GDP per capita is expected to reach over 80% of average level in the Yangtze River Delta, ranking top 80 cities in the PRC. The table below sets out selected economic indicators of Chuzhou for the years indicated.

Selected economic indicators of Chuzhou (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Permanent Population *(million)*	4.0	4.0	4.1	4.1	4.1	N/A	N/A
Nominal GDP *(RMB billion)*	181.2	203.6	228.2	259.4	290.9	303.2	10.8%
Real GDP growth rate *(%)*	10.1	9.3	9.0	9.1	9.7	4.4	8.6**
Per capita disposable income of urban households *(RMB)*	24,168	26,286	28,612	31,230	34,091	36,051	8.3%
Fixed asset investment *(RMB billion)*	145.8	169.9	192.9	222.6*	255.3*	281.1*	14.0%

Source: Bureau of Statistics of Chuzhou
Note: * Fixed asset investment in 2018, 2019 and 2020 is calculated based on the growth rate.
** is the arithmetic mean.

Real estate investment scaled up with a CAGR of 8.7% in the period between 2015 and 2020. The local government introduced a series of policies to destock residential property inventories in 2016, resulting in sharp increase in GFA of residential properties sold and steady decrease in GFA of residential properties completed. The average price of residential properties increased from RMB4,070 in 2015 to RMB6,454 in 2020, representing a CAGR of 9.7%. Accelerating urbanization and improvement of traffic conditions are likely to promote residential property market development in Chuzhou. Also, the intercity metro line between Nanjing and Chuzhou is beneficial for accelerating labor mobility, transferring the spill-over housing demand from Nanjing to Chuzhou and increasing real estate investment in Chuzhou. The table below sets out selected indicators of the residential property market of Chuzhou for the years indicated:

Residential property market indicators of Chuzhou (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Real estate investment *(RMB billion)*	33.4	33.6	42.7	44.2	47.0	50.7	8.7%
Investment in residential properties *(RMB billion)*	21.4	20.0	30.4	35.9	37.8	41.9	14.3%
GFA of residential properties under construction *(million sq.m.)*	17.5	17.4	23.1	25.5	28.5	29.0	10.5%
GFA of residential properties sold *(million sq.m.)*	5.2	6.0	8.3	9.9	9.5	9.5	12.8%
GFA of residential properties completed *(million sq.m.)*	3.8	2.9	2.0	2.2	3.6	3.3	(3.0%)
Average price of residential properties *(RMB per sq.m.)**	4,070	4,384	5,711	5,944	6,310	6,454	9.7%

Source: Bureau of Statistics of Chuzhou, CREIS

Note: * Average price of residential properties is calculated based on total sales of residential properties and GFA of residential properties sold.

Bozhou

Bozhou is a prefecture-level city in the northwest of Anhui Province located at the intersection of four provinces, namely Jiangsu, Shandong, Henan and Anhui. It covers a total land area of 8,374 sq.km., with an urbanization rate of 42.2%. Bozhou is known as the capital of Traditional Chinese medicine (中華藥都) and a member city of Central Plains Economic Zone (中原經濟區).

Bozhou had enjoyed rapid economic development during the past years and its nominal GDP increased from RMB106.7 billion in 2015 to RMB180.6 billion in 2020, representing a CAGR of 11.1%. Fixed asset investment grew rapidly at a CAGR of 12.4% between 2015 and 2020. Per capita disposable income of urban households showed a steady increase from RMB23,120 in 2015 to RMB34,159 in 2020, representing a CAGR of 8.1%. The table below sets out selected economic indicators of Bozhou for the years indicated.

Selected economic indicators of Bozhou (2015-2020)

Macroeconomics	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Permanent Population *(million)*	5.0	5.1	5.2	5.2	5.3	N/A	N/A
Nominal GDP *(RMB billion)*	106.7	120.1	135.2	155.1	174.9	180.6	11.1%
Real GDP growth rate *(%)*	9.2	8.9	9.2	10.1	9.4	4.1	8.5**
Per capita disposable income of urban households *(RMB)*	23,120	25,053	27,246	29,711	32,409	34,159	8.1%
Fixed asset investment *(RMB billion)*	76.7	87.5	106.7	125.9*	142.3*	137.6*	12.4%

Source: Bureau of Statistics of Bozhou

Note: * Fixed asset investment in 2018, 2019 and 2020 is calculated based on the growth rate.

** is the arithmetic mean.

Benefited from rebuilding urban shanty towns, real estate investment increased significantly from RMB20.5 billion in 2015 to RMB45.0 billion in 2020, representing a CAGR of 17.0%. Investment in residential property market showed a significant climb from RMB11.6 billion in 2015 to RMB31.2 billion in 2019. GFA of residential properties sold displayed uptrend between 2015 and 2019, while average price of residential properties remained stable from 2017 to 2019. In the progress of accelerating urbanization, a growing number of rural residents settled in urban areas, creating a tremendous housing demand. In the following years, Bozhou government is likely to further expand urban area and continues to promote the rebuilding of shanty towns, which will further stimulate the housing demand for residents and support the growth of residential properties sold and average price of residential properties. The table below sets out selected residential property market indicators of Bozhou for the years indicated.

Residential property market indicators of Bozhou (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Real estate investment *(RMB billion)*	20.5	23.1	32.2	36.5	41.5	45.0	17.0%
Investment in residential properties *(RMB billion)*	11.6	14.1	21.6	24.8	31.2	N/A	N/A
GFA of residential properties under construction *(million sq.m.)*	9.5	10.9	13.8	16.5	20.8	N/A	N/A
GFA of residential properties sold *(million sq.m.)*	2.5	3.5	4.7	5.5	6.2	N/A	N/A
GFA of residential properties completed *(million sq.m.)*	0.7	1.1	0.6	0.3	1.0	N/A	N/A
Average price of residential properties *(RMB per sq.m.)*	4,256	4,324	6,122	6,122	6,120	N/A	N/A

Source: Bureau of Statistics of Bozhou

Nanjing

Nanjing is the capital city of Jiangsu Province, located at the lower reaches of the Yangtze River. It covers a total land area of 6,587 sq.km. with a permanent population of 8.5 million in 2019. The local government has been actively promoting urbanization in Nanjing, thus the urbanization rate steadily grew to 83.2% by 2019. Nanjing enjoys abundant natural and social resource, and is defined as a core city in Yangtze Delta Region by the State Council in "the Development Plan of Urban Agglomeration in the Yangtze River Delta" (《長江三角洲城市群發展規劃》). Nanjing's nominal GDP increased from RMB1,000.6 billion in 2015 to RMB1,481.8 billion in 2020 with a CAGR of 8.2%. The per capita disposable income of urban households increased to RMB67,553 in 2020 with a CAGR of 7.9% during the same period.

In terms of the Fourteenth Five-Year Plan (十四五規劃) of the Nanjing Municipal Government, Nanjing's nominal GDP is expected to exceed RMB2,000 billion by the end of 2025. The local government also emphasizes improving resident's living quality. Permanent population is expected to exceed 10 million by 2025. Nanjing's continuously strengthened economy will support the development of its real estate market. The table below sets out selected economic indicators relating to Nanjing for the years indicated.

Selected economic indicators of Nanjing (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Permanent Population *(million)*	8.2	8.3	8.3	8.4	8.5	N/A	N/A
Nominal GDP *(RMB billion)*	1,000.6	1,082.1	1,188.7	1,300.9	1,403.0	1,481.8	8.2%
Real GDP growth rate *(%)*	9.3	8.0	8.1	8.0	7.8	4.6	7.6**
Per capita disposable income of urban households *(RMB)*	46,104	49,997	54,538	59,308	64,372	67,553	7.9%
Fixed asset investment *(RMB billion)*	548.4	553.4	421.3	471.8	508.3	541.8*	(0.2%)

Source: National Bureau of Statistics, Bureau of Statistics of Nanjing

Note: * Fixed asset investment in 2020 is calculated based on the growth rate.

** is the arithmetic mean.

Nanjing's property market has remained dynamic. Both real estate investment and investment in residential properties experienced rapid growth in the period between 2015 and 2020. The positive economic outlook of Nanjing is an encouraging factor of attracting investment, and it is anticipated that investment in residential properties will remain prosperous in the next few years. However, restrictions on speculative demand are in force in order to stabilize the real estate market. For example, in March 2017, Nanjing Government announced that it would suspend the sale of residential properties to non-residents who own one or more residential properties and to residents who own two or more residential properties. Nevertheless, Nanjing government continues to ease the points-based HUKOU system (積分落戶制) and the regulations for first-time home buyers, resulting in substantial housing demand. Therefore, both GFA of residential properties sold and the average price of residential properties are likely to remain on a stable uptrend with the support of rigid demand. The table below sets out selected indicators of the residential property market in Nanjing for the years indicated.

Residential property market indicators of Nanjing (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Real estate investment *(RMB billion)*	142.9	184.6	217.0	235.4	250.1	263.1*	13.0%
Investment in residential properties *(RMB billion)*	108.1	139.3	157.0	157.5	173.6	N/A	N/A
GFA of residential properties under construction *(million sq.m.)*	47.7	52.5	54.0	56.0	58.2	55.7	3.1%
GFA of residential properties sold *(million sq.m.)*	14.3	14.1	12.1	9.9	11.4	12.1	(3.2%)
GFA of residential properties completed *(million sq.m.)*	10.6	9.1	8.1	9.1	10.9	10.0	(1.1%)
Average price of residential properties *(RMB per sq.m.)***	11,260	17,884	15,259	19,738	19,428	25,175	17.5%

Source: Bureau of Statistics of Nanjing, CREIS

Note: * Real estate investment in 2020 is calculated based on the growth rate.

** Average price of residential properties is calculated based on total sales of residential properties and GFA of residential properties sold.

According to the data released by CREIS, although in 2020 Q1 total sales of residential properties of Nanjing suffered a decline of 7.0% year-on-year and a decrease of 52.3% quarter-on-quarter under the influence of coronavirus outbreak, average price of residential properties managed to increase by 5.7% year-on-year and decline by 1.1% quarter-on-quarter. As a representative of Yangtze River Delta Area, Nanjing's residential property market restored faster than other cities, evidenced by the fact that the total sales of residential properties nearly doubled in 2020 Q2 as compared with the previous quarter, and average price of residential properties remained stable under the pressure of coronavirus outbreak. In summary, Nanjing's real estate market suffered a negative impact from the coronavirus outbreak in the short-term and has gradually recovered from 2020 Q2. It is expected that in the medium and long run, the real estate market of Nanjing could remain stable.

Selected residential property market indicators of Nanjing (2019 Q1-2020 Q4)

	2019 Q1	2019 Q2	2019 Q3	2019Q4	2020 Q1	2020 Q2	2020 Q3	2020Q4
Total sales of residential properties *(RMB million)*	37,556	49,371	64,679	73,288	34,937	66,318	62,485	78,732
Sales volume of residential properties	11,498	15,346	19,580	21,456	10,113	19,852	19,180	21,939
GFA of residential properties sold *(thousand sq.m.)*	1,365	1,808	2,283	2,490	1,201	2,345	2,227	2,586
Average price of residential properties *(RMB per sq.m.)*	27,522	27,311	28,335	29,430	29,097	28,276	28,061	30,442

Source: CREIS

Taian

Taian, located at the south foot of Mount Tai, is a prefecture-level city in the central part of Shandong Province. It covers a total land area of 7,761 sq.km.. The permanent population of Taian was 5.6 million by the end of 2019, with the urbanization rate of 62.0%. Taian has been developing high-end intelligence manufacturing and modern agriculture industry for transforming into to a modernized industrial structure.

Taian experienced modest economic development during the past years. The nominal GDP changed from RMB315.8 billion in 2015 to RMB276.7 billion in 2020. Per capita disposable income of urban households showed a stable increase, from RMB28,132 to RMB38,901 with a CAGR of 6.7% from 2015 to 2020. The table below sets out selected economic indicators relating to Taian for the years indicated.

Selected economic indicators of Taian (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Permanent Population *(million)*	5.6	5.6	5.6	5.6	5.6	N/A	N/A
Nominal GDP *(RMB billion)*	315.8	331.7	357.8	240.4	266.4	276.7	(2.6%)
Real GDP growth rate *(%)*	8.1	7.2	6.8	5.7	6.3	3.5	6.3**
Per capita disposable income of urban households *(RMB)*	28,132	30,299	32,739	35,196	37,695	38,901	6.7%
Fixed asset investment *(RMB billion)*	261.8	290.0	299.2	316.6*	242.8*	249.9*	(0.9%)

Source: Bureau of Statistics of Taian
Note: * Fixed asset investment in 2018, 2019 and 2020 is calculated based on the growth rate.
** is the arithmetic mean.

Both Taian's real estate investment and investment in residential properties grew steadily from 2015 to 2020. During the same period, GFA of residential properties under construction experienced a stable growth. GFA of residential properties sold demonstrated a rapid growth at a CAGR of 14.1% between 2015 and 2020. The plan for accelerating urbanization is likely to stimulate the residential property market. Taian government is likely to further expand urban area and increase the urbanization rate, which will further stimulate the housing demand for residents and support the growth of residential properties sold and average price of residential properties. The table below sets out selected indicators of the residential property market in Taian for the years indicated:

Residential property market indicators of Taian (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Real estate investment *(RMB billion)*	14.5	18.1	16.3	17.8	20.6	N/A	N/A
Investment in residential properties *(RMB billion)*	11.6	15.1	12.8	14.6	16.8	N/A	N/A
GFA of residential properties under construction *(million sq.m.)*	13.6	14.8	15.1	15.6	19.0	21.8	9.9%
GFA of residential properties sold *(million sq.m.)*	2.2	2.4	3.1	3.3	3.9	4.3	14.1%
GFA of residential properties completed *(million sq.m.)*	2.0	2.1	2.2	3.1	3.0	2.2	2.0%
Average price of residential properties *(RMB per sq.m.)**	4,629	5,160	5,457	6,136	7,438	7,747	10.8%

Source: Bureau of Statistics of Taian, CREIS
Note: * Average price of residential properties is calculated based on total sales of residential properties and GFA of residential properties.

According to the data released by CREIS, total sales of residential properties of Taian in 2020 Q1 registered a year-on-year decline of 36.6% and a quarter-on-quarter decrease of 62.5%. However, average price of residential properties was able to increase under the pressure of coronavirus outbreak, partly because of its increasing exposure after Spring Festival Gala in 2019. Comparing with 2020 Q1, in 2020 Q2 total sales of residential properties was more than doubled, indicating that the residential property market of Taian is recovering. The impact of coronavirus outbreak will gradually weaken, and pent-up demand of residential property market is expected to be released. In summary, although Taian's real estate market suffered a negative impact from the coronavirus outbreak in the short-term, it is estimated that in the medium and long run, the real estate market of Taian would remain steady.

Selected residential property market indicators of Taian (2019 Q1-2020 Q4)

	2019 Q1	2019 Q2	2019 Q3	2019Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Total sales of residential properties *(RMB million)*	4,139	7,229	8,782	6,998	2,626	6,055	8,066	8,329
Sales volume of residential properties	4,310	7,056	7,984	6,675	2,638	5,588	7,447	8,347
GFA of residential properties sold *(thousand sq.m.)*	502	813	929	781	289	650	900	953
Average price of residential properties *(RMB per sq.m.)*	8,248	8,895	9,450	8,959	9,091	9,317	8,958	8,741

Source: CREIS

HISTORICAL TRENDS OF LAND PRICE, CONSTRUCTION MATERIAL AND LABOR COST

Land Price

Land use rights cost constitutes one of the largest components of cost structure for the real estate developers in the PRC. The average residential land price increased from RMB5,541 per sq.m. to RMB10,285 per sq.m. with a CAGR of 13.2% between 2015 and 2020, mainly driven by strong demand from the real estate market and land supply control by the PRC government. The table below sets out selected land cost indicator of PRC for the years indicated:

Residential land price indicator of PRC (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Average residential land price *(RMB per sq.m.)*	5,541	7,878	9,212	8,424	9,508	10,285	13.2%

Source: CREIS

Construction Material

The cost of construction materials is an important factor for real estate developers. Steel and cement make up a significant part of the costs of construction materials. Since the "Supply-Side Reform" ("供給側改革") carried out in 2016 targeting at mitigating obsolete capacity, together with the increasing demand from real estate industry, the steel price index increased significantly in 2016 and maintained at a high level afterwards, while the cement price achieved steady growth from 2015 to 2020. It is anticipated that the uptrend will be maintained in the near future. The table below sets out selected indicators of key construction materials for the years indicated:

Selected statistics of key construction materials of the PRC (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Steel price index*	56.4	99.5	121.8	107.1	106.1	124.5	N/A
Cement price *(RMB per ton)*	247.4	318.7	414.9	449.0	471.0	455.0	13.0%

Sources: China Iron and Steel Association, China Cement Association
Note: * Base year 1994 = 100

Labor Cost

In addition, labor cost accounts for a major part of costs for real estate developers. Average annual wage of construction worker in urban units increased from RMB48,886 in 2015 to RMB65,580 in 2019. Concerning government policy of increasing household income, it is expected that the labor cost will increase steadily in the future. The table below sets out selected labor costs indicator of the PRC for the years indicated:

Labor costs of the PRC (2015-2020)

	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Average Annual Wage of Construction Worker in Urban Units *(RMB)*	48,886	52,082	55,568	60,501	65,580	N/A	N/A

Source: National Bureau of Statistics

This section sets forth a summary of the most significant PRC laws and regulations that affect our business, operations and the industry in which we operate.

LAWS AND REGULATIONS ON ESTABLISHMENT AND OPERATION OF FOREIGN INVESTED ENTERPRISES

Companies with limited liability and joint stock companies with limited liability established and operating in the PRC are governed by the PRC Company Law, which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on December 29, 1993 and was latest amended on October 26, 2018. According to the PRC Company Law, the shareholders of a limited liability company may transfer all or part of their equity interests among themselves, however the shareholder proposing to transfer any equity interest to a non-shareholder shall obtain the consent of more than half of the other shareholders. The shareholder shall inform the other shareholders of the proposed equity transfer in writing and seek their consent. Failure to reply within 30 days from receipt of the written notice shall be deemed as consent to the proposed transfer.

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which will come into force on January 1, 2020. Foreign Investment Law, upon taking effect, will repeal simultaneously the Law of the People's Republic of China on Sino-foreign Equity Joint Ventures, the Law of the People's Republic of China on Wholly Foreign-owned Enterprises and the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures. Subject to the Foreign Investment Law, foreign invested enterprises may keep their original organizational forms for five years after the effectiveness of the present Law. And the specific implementing measures shall be developed by the State Council.

ESTABLISHMENT OF REAL ESTATE DEVELOPMENT ENTERPRISES

General Provisions

In accordance with the Law of the People's Republic of China on the Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》) (the "**Urban Real Estate Law**") (promulgated on July 5, 1994, revised on August 30, 2007 and amended on August 27, 2009 and latest amended on August 26, 2019 and came into effect on January 1, 2020), real estate development enterprises are defined as the enterprises that engage in real estate development and operation for the purpose of seeking profits. In accordance with the Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) (the "**Development Regulations**") (promulgated and implemented on July 20, 1998 by the State Council, revised on January 8, 2011, March 19, 2018, March 24, 2019 and latest amended on March 27, 2020), the establishment of a real estate development enterprise shall, in addition to the conditions for the enterprise establishment prescribed by relevant laws and administrative regulations, fulfill the following conditions: (i) the registered capital shall be RMB1 million or above; (ii) the enterprise shall employ no less than 4 full-time technical personnel with certificates of qualifications of real estate specialty and construction engineering specialty and no less than 2 full-time accountants with certificates of qualifications. People's governments of provinces, autonomous regions and centrally-administered municipalities may, based on the actual conditions of the locality, set out more stringent requirements in respect of registered capital and technical professionals.

Foreign Investment in Real Estate Development

Under the Catalog of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) (the "**Catalog**") promulgated by MOFCOM and NDRC on March 10, 2015 and became effective on April 10, 2015, the construction of golf courses and villas falls within the category of industries in which foreign investment is prohibited; and other real estate development falls within the category of industries in which foreign investment is permitted. Pursuant to the amended Catalog which was amended on June 28, 2017 and June 28, 2018 by MOFCOM and NDRC, the real estate development does not fall within the Special Administrative Measure for Access of Foreign Investments (Negative List) (2018) (《外商投資准入特別管理措施(負面清單)(2018年版)》) and the restrictive measures for construction of golf courses and villas are equally applicable to domestic and foreign investment. On June 30, 2019, MOFCOM and NDRC promulgated the Catalogue of Industries for Encouraging Foreign Investment (Edition 2019) (《鼓勵外商投資產業目錄》) and the Special Management Measures (Negative List) for the Access of Foreign Investment (Edition 2019) (《外商投資准入特別管理措施(負面清單)(2019年版)》), both of which became effective on July 30, 2019 and superseded the Catalogue (Edition 2017) and the Negative List (Edition 2018). On June 23, 2020, MOFCOM and NDRC promulgated the Special Management Measures (Negative List) for the Access of Foreign Investment (Edition 2020) (《外商投資准入特別管理措施(負面清單)(2020年版)》), which superseded the Special Management Measures (Negative List) for the Access of Foreign Investment (Edition 2019), while the policy for the real estate development remains the same.

On July 11, 2006, the Ministry of Construction, the MOFCOM, the NDRC, the PBOC, the SAIC and the SAFE jointly issued the Opinions on Regulating the Access and Administration of Foreign Investment in the Real Estate Market (《關於規範房地產市場外資准入和管理的意見》), amended on August 19, 2015, which provides that: (i) foreign organizations and individuals who have established foreign-invested enterprises are allowed to invest in and purchase non-owner-occupied real estate in China; while branches of foreign organizations established in China are eligible to purchase commercial houses which match their actual needs for self-use under their names; (ii) the registered capital of foreign-invested real estate enterprises with the total investment amount exceeding or equal to US$10 million shall be no less than 50% of their total investment; (iii) foreign-invested real estate enterprises can apply for renewing the official foreign-invested enterprise approval certificate and business license with an operation term of one year only. After they have paid back all the land premium the enterprises shall apply to the land administration department for the state-owned land use rights certificates; (iv) with respect to equity transfer and project transfer of a foreign-invested real estate enterprise and the merger and acquisition of a domestic real estate enterprise by an overseas investor, the department in charge of commerce and other departments shall conduct examination and approval in strict compliance with the provisions of the relevant laws, regulations, and policies. The investor concerned shall submit a letter of guarantee on its promise to perform the Contract on the Transfer of State-owned Land Use Rights (國有土地使用權出讓合同), the License for the Planning of Construction Land (建設用地規劃許可證), the License for the Planning of Construction Projects (建設工程規劃許可證) etc., and shall submit the Certificate for the Use of State-owned Land (國有土地使用證), the documents certifying that the change of registration has been filed with the relevant department in charge of construction (real estate) for record, and the certification materials issued by the relevant taxation authority on the tax payment in relevance; (v) foreign investors shall pay off all considerations for the transfer in a lump sum with their own funds if they acquire Chinese real estate enterprises or any equity interest held by Chinese parties in Sino-foreign Equity Joint Venture engaged in real estate industry.

On August 19, 2015, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly promulgated the Circular on Amending the Policies Concerning Access by and Administration of Foreign Investment in the Real Estate Market (《關於調整房地產市場外資准入和管理有關政策的通知》), which amended certain policies on foreign-invested real estate enterprises and property purchased by overseas organizations and individuals as stated in the Opinions on Regulating the Access and Administration of Foreign Investment in the Real Estate Market (《關於規範房地產市場外資准入和管理的意見》) as follows, the requirements for the registered capital of foreign-invested real estate enterprises shall follow the provisions in the Provisional Regulations of the State Administration for Industry and Commerce on the Proportion of Registered Capital to Total Amount of Investment of a Sino-foreign Equity Joint Ventures (《國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定》) promulgated and became effective on February 17, 1987; the requirement on full payment of registered capital of the foreign-invested real estate enterprises before applying for domestic or foreign loans or foreign exchange loan settlement is canceled.

MOFCOM and SAFE jointly issued a Notice on Further Strengthening and Regulating the Approval and Administration regarding Foreign Direct Investment in the Real Estate Industry (關於進一步加強、規範外商直接投資房地產業審批和監管的通知) ("**No. 50 Notice**") on May 23, 2007. Under the Notice, local commercial authorities should reinforce the approval and supervision process over foreign-invested real estate enterprises, and strictly control foreign fund from investing in high-end real estate development projects. For foreign-invested company intending to engage in the property development business, the land use rights should be obtained, or at least has entered into pre-contract purchase agreement with the relevant land administrative authorities, land developers, or the owners of the house or other constructions, otherwise the proposed foreign-invested real estate company will not be approved by the authorities. For existing foreign-invested company who intends to expand its operations in its business operation or company who intends to engage in the operation or development of the new real estate project, they should undertake relevant procedures with the approval authority.

On June 18, 2008, the MOFCOM issued the Circular Regarding the Registration of Foreign-Invested Real Estate Industry (《商務部關於做好外商投資房地產業備案工作的通知》) (the "**Circular 23**"), which requires that registration shall be preliminarily examined by the provincial branch of the MOFCOM before submitting to the MOFCOM for registration.

On November 6, 2015, the MOFCOM and SAFE jointly issued the Circular on Further Improving the Registration of Foreign Investments in Real Estate (《關於進一步改進外商投資房地產備案工作的通知》), which simplify the administrative procedures for foreign-invested real estate enterprises. In accordance with such circular, the competent local departments shall approve the establishment and changes of foreign-invested real estate enterprises in accordance with the laws and statutes concerning foreign investment, and provide information on real estate projects in the foreign investment information system of the MOFCOM. In addition, the registration publication procedures on the website of MOFCOM is canceled.

Pursuant to the "Documents Regarding Interpretation of Standards on Low-Density, Large-Size Housing and Villa Housing" (Jian Ban Gui Han [2006] No. 440) (《關於低密度、大套型住房和別墅住房標準有關說明的函》(建辦規函[2006]440號)) ("**Standards**") issued by the former General Office of the Ministry of Construction in July 2006, a villa is generally isolated commercial housing with relatively lower building density and a plot ratio below 1.0. Because all of our residential property projects have plot ratios of 1.0 or above, none of our projects falls within the definition of villa pursuant to the Standards. Accordingly, although we named certain of our projects "Villa", we had not developed any villa project within the meaning of the Standards during the Track Record Period and as of the Latest Practicable Date, and the foreign investment restriction in construction of villas does not apply to us.

QUALIFICATIONS OF REAL ESTATE DEVELOPERS

In accordance with the Development Regulations, a real estate development enterprise shall, within 30 days starting from the date of receipt of the business license, file the relevant documents for record to the real estate development authorities located at its place of registration. The real estate development authorities shall, on the basis of the assets, specialized technical personnel and business achievements, verify the class of qualification of the real estate development enterprise in question. The real estate development enterprise shall undertake real estate development projects in compliance with the verified class of qualification. Relevant detailed rules shall be formulated by the department of the construction administrative of the State Council.

Pursuant to the Regulations on Administration of Qualification of Real Estate Development Enterprises (《房地產開發企業資質管理規定》) (the "**Circular 77**") which was promulgated on March 29, 2000 and amended on May 4, 2015 and December 22, 2018, an enterprises engaged in real estate development shall apply for the approval in accordance with the provisions of application for the enterprise qualification classification. Enterprises that fail to obtain certificates of real estate investments shall not engage in the real estate development business. Enterprises engaged in real estate development are classified into four qualification classes: Class I, Class II, Class III and Class IV on the basis of their financial conditions, experience of real estate development business, construction quality, the professional personnel and quality control system etc.

Pursuant to the Circular 77, enterprises of various qualification classes shall engage in real estate development projects within the approved scope of business and shall not undertake any tasks which fall outside the approved scope of their own qualification classes.

LAND USE RIGHTS FOR REAL ESTATE DEVELOPMENT

All land in the PRC is either state-owned or collectively-owned, depending on the location of the land. Where land in rural areas and suburban areas are legally owned by the State, the State holds ownership rights. The State has the right to take its ownership of land or the land use rights in accordance with laws for the reasons of public interest protection. In that event, compensation shall be paid by the State.

Although all land in the PRC is either state-owned or collectively-owned, individuals and entities may obtain land use rights and hold such land use rights for development purposes. Individuals and entities may acquire land use rights in different ways, the two most important ways are obtaining land grants from local land authorities and land which is transferred from land users who have already obtained land use rights.

Land Grants

National Legislation

In April 1988, the National People's Congress (the "**NPC**") passed an amendment to the Constitution of the PRC (《中華人民共和國憲法》). The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. In December 1988, the Standing Committee of the NPC also amended the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) to permit the transfer of land use rights for value.

In May 1990, the State Council enacted the Provisional Regulations of the People's Republic of China Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》). These regulations, generally referred to as the Urban Land Regulations, formalized the process of the grant and transfer of land use rights for value.

Upon paying in full the land premium pursuant to the terms of the contract, a land-grantee may apply to the relevant land bureau for the land use rights certificates. In accordance with the Property Rights Law of the People's Republic of China (《中華人民共和國物權法》), which was issued on March 16, 2007 and effective on October 1, 2007, the term of land use rights for land of residential use will automatically be renewed upon expiry. The renewal of the term of land use rights for other uses shall be dealt with according to the then-current relevant laws. In addition, if the State requests for the possession of land for public interest during the term of the relevant land use rights, compensation shall be paid to the owners of residential properties and other real estate on the land and the relevant land premium shall be refunded to them by the State. According to the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "**Civil Code**"), which has taken effect and replaced the Property Rights Law on January 1, 2021, in terms of the automatic renewal of the term of land use rights for land of residential use upon expiry, the payment and reduction of or exemption from the renewal fee shall be dealt with in accordance with the provisions of laws and administrative regulations.

Ways of Land Grant

Pursuant to PRC laws and the stipulations of the State Council, except for land use rights which may be obtained through allocation, land use rights for property development are obtained through the grant from government. There are two ways by which land use rights may be granted, namely by private agreement or competitive processes (i.e., tender, auction or listing at a land exchange administered by the local government).

As of July 1, 2002, the grant of land use rights by way of competitive processes is governed by the Regulations on the Grant of Use Right of State-owned Land by Bidding, Auction or Listing (《招標拍賣掛牌出讓國有土地使用權規定》), issued by the MLR on May 9, 2002. Following the above Regulations, the MLR issued the Notice on Continuing the Review of the Implementation of the Grant of Land use Rights for Commercial Uses by Invitation of Bids Auction or Listing on a Land Exchange (關於繼續開展經營性土地使用權招標拍賣掛牌出讓情況執法監察工作的通知) on March 31, 2004, requiring all local land administration authorities to strictly enforce the 2002 Regulations. In addition, the MLR required that with effect from August 31, 2004, the grant of land use rights must be made pursuant to auctions or listing at a land exchange and that no land use rights for commercial uses may be granted by way of agreement. In the Urgent Notice of the General Office of the State Council on Intense Regulation and Rectification of the Land Market and Strict Administration of Land (關於深入開展土地市場治理整頓嚴格土地管理的緊急通知) issued by the State Council on April 29, 2004, the development of agricultural land was suspended for a period of six months for rectification by the PRC government of irregularities in land development in China. On September 28, 2007, the MLR promulgated the Regulations on Granting State-owned Construction Land Use Rights through Bidding, Auction and Listing (《招標拍賣掛牌出讓國有建設用地使用權規定》) (the "**Land Grant Regulations**") which became effective on November 1, 2007. The Land Grant Regulations specifically provide that land to be used for industrial, commercial, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for the certain piece of land, shall be granted by way of competitive processes. A number of measures are provided by the Land Grant Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly.

On May 11, 2011, the MLR promulgated the Opinions on Upholding and Improving the System for the Transfer of Land by Bidding, Auction and Listing (《關於堅持和完善土地招標拍賣掛牌出讓制度的意見》), which provides stipulations to improve policies on the supply of land through public bidding, auction and listing, and strengthen the active role of land transfer policy in the control of the real estate market.

In June 2003, the MLR promulgated the Regulations on Grant of State-owned Land Use Rights by Agreement (《協議出讓國有土地使用權規定》) (the "**2003 Regulations**"), to regulate granting of land use rights by agreement when there is only one land use applicant and the designated uses of which are other than for commercial purposes as described above.

According to the Circular of the Ministry of Land and Resources on Relevant Issues Concerning the Strengthening of Examination and Approval of Land Use in Urban Construction (《關於加強城市建設用地審查報批工作有關問題的通知》) enacted by the MLR on September 4, 2003, from the date of promulgation, land use for luxurious commodity houses shall be stringently controlled, and applications for land use rights to build villas shall be stopped. According to the Circular on the Distribution of the Catalog for Restricted Land Use Projects (2012 Edition) and the Catalog for Prohibited Land Use Projects (2012 Edition) (《關於印發〈限制用地項目目錄(2012年本)〉和〈禁止用地項目目錄(2012年本)〉的通知》) promulgated by the MLR and the NDRC in May 2012, the granted area of the residential housing projects shall not exceed (i) 7 hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, or (iii) and 20 hectares for large cities and plot ratio which shall not be lower than 1.0.

Land Transfer from Current Land Users

In addition to a direct grant from the government, an investor may also acquire land use rights from land users that have already obtained the land use rights by entering into an assignment contract with such land users.

For real estate development projects, the Urban Real Estate Law requires that at least 25% of total amount of investment or development must have been carried out before assignment can be realized. All rights and obligations of the current holder under a land grant contract will be transferred contemporaneously to the assignee. Relevant local governments may acquire the land use rights from a land user in the event of a readjustment of the use of land for renovating the old urban area according to city planning. The land user will then be compensated for the loss of land use rights.

DEVELOPMENT OF REAL ESTATE PROJECTS

Commencement of Real Estate Development Projects

According to the Urban Real Estate Law, those who have obtained the right of land use by the way of grant for real estate development must develop the land in accordance with the land use and within the construction period as prescribed in the grant contract. When the land user fails to commence development after one year since the date of starting the development as prescribed by the grant contract, an idle land fee no more than 20% of the land grant premium may be collected and when the land user fails to commence development after two years, the right to use the land may be confiscated without any compensation, except that the delays are caused by *force majeure*, the activities of government, or the delay in the necessary preliminary work for starting the development.

Pursuant to the Measures on Disposal of Idle Land (《閒置土地處置辦法》), which was promulgated on April 28, 1999 by the MLR and revised on June 1, 2012, land can be defined as idle land under any of the following circumstances:

- development and construction of the state-owned idle land is not commenced after one year of the prescribed time prescribed in the land use rights grant contract or allocation decision; or
- the development and construction of the state-owned idle land has been commenced but the area of the development and construction that has been commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval.

Where the delay of commencement of development is caused by the government's behavior or due to the *force majeure* of natural disasters, the land administrative authorities shall discuss with the holder of state-owned construction land use rights and select the methods for disposal in accordance with the Measures on Disposal of Idle Land.

Planning of Real Estate Projects

Under the Regulations on Planning Administration regarding Granting and Transfer of State-owned Land Use Rights in Urban Area (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Construction in December 1992 and amended in January 2011, a real estate developer shall apply for a License for the Planning of Construction Land (建設用地規劃許可證) from the municipal planning authority. After obtaining the License for the Planning of Construction Land, the real estate developer shall conduct all necessary planning and design works in accordance with relevant planning and design requirements. A planning and design proposal in respect of the real estate project shall be submitted to the municipal planning authority in compliance with the requirements and procedures under the Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》), which was issued on October 28, 2007 and amended on April 24, 2015 and April 23, 2019, and a License for the Planning of Construction Projects (建設工程規劃許可證) from the municipal planning authority should be obtained by the real estate developer.

Construction Work Commencement License

The real estate developer shall apply for a Construction Work Commencement License (建築工程施工許可證) from the relevant construction authority in accordance with the Regulations on Administration Regarding Permission for Commencement of Construction Works (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on October 15, 1999 and latest amended on March 30, 2021 by the MOHURD.

Acceptance and Examination upon Completion of Real Estate Projects

Pursuant to the Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) promulgated by the State Council on July 20, 1998 and latest amended on November 29, 2020, the Administrative Measures for the Registration Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the Ministry of Construction on April 4, 2000 and amended on October 19, 2009 and the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated and implemented by the MOHURD on December 2, 2013, upon the completion of real estate development project, the real estate development enterprise shall apply to the competent department of real estate development of local government at or above the county level, where the project is located, for examination upon completion of building and for filing purposes; and to obtain the Filing Form for Acceptance and Examination upon Completion of Construction Project. A real estate project shall not be delivered before passing the acceptance examination.

INSURANCE OF REAL ESTATE PROJECTS

At present, there are no nationwide mandatory requirements in the PRC laws, regulations and other normative legal documents requiring a real estate developer to maintain insurance for its real estate projects. According to the Construction Law of the People's Republic of China (《中華人民共和國建築法》) promulgated by the Standing Committee of the NPC on November 1, 1997 and became effective on March 1, 1998 and amended on April 22, 2011 and April 23, 2019, construction enterprises shall maintain work injury insurance and pay the insurance premium, while enterprises are encouraged to take up accident liability insurance for employees engaged in dangerous operations and pay the insurance premium. In the Opinions of the Ministry of Opinions on Strengthening the Insurance of Accidental Injury in the Construction Work (《建設部關於加強建築意外傷害保險工作的指導意見》) promulgated by the Ministry of Construction on May 23, 2003, the Ministry of Construction further emphasized the importance of the insurance of accidental injury in the construction work and put forward the detailed opinions of guidance.

REAL ESTATE TRANSACTIONS

Sale of Commodity Properties

Under the Measures for Administration of Sale of Commercial Properties (《商品房銷售管理辦法》) (the "**Sale Measures**") promulgated by the Ministry of Construction on April 4, 2001 and became effective on June 1, 2001, the sale of commercial properties includes both sales prior to and after the completion of the properties.

Pre-sale of Commodity Properties

Any pre-sales of commodity properties must be conducted in accordance with the Measures for Administration of Pre-sales of Commercial Properties (《城市商品房預售管理辦法》) promulgated by the Ministry of Construction on November 15, 1994, as amended on August 15, 2001 and July 20, 2004 (the "**Pre-sales Measures**"). The Pre-sales Measures provides that any pre-sales of commercial properties is subject to specified procedures. If a real estate developer intends to sell commercial properties in advance, it shall apply to the real estate administrative authority to obtain a pre-sales license. Under the Pre-sales Measures and the Urban Real Estate Law, the proceeds from pre-sales of commercial properties by developers should be used for the construction of relevant projects. The specific measures for the supervision of pre-sale proceeds of commercial properties shall be formulated by the real estate administrative authority.

According to the Circular on Issues Concerning Further Strengthening the Supervision and Administration of the Real Estate Market and Improving the Pre-Sale System of Commodity Housing (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》) which promulgated by MOHURD on April 13, 2010, any commodity housing project which has obtained the pre-sale permit, the real estate developer shall, publicize all licensed housing and price of each set within 10 days, and shall sell at the publicly announced price which is strictly in line with the declared price.

The Measures on Supervision and Administration of Commodity Housing Pre-sale Proceeds (《商品房預售資金監管辦法》) have been promulgated in cities such as Bozhou, Chuzhou, Hefei, Fuyang, Huainan and Suzhou, which provide that the competent department of real estate, escrow bank and the real estate developer shall sign an escrow agreement regarding the commodity housing pre-sale proceeds, and newly-built commodity housing pre-sale proceeds should be directly deposited to a corresponding escrow account, and the real estate developers are not allowed to directly receive and deposit the pre-sale proceeds paid by home buyers into any bank account other than the designated escrow account. The commodity housing pre-sale proceeds in the escrow account is classified into key escrow funds and general escrow funds. Generally, the key escrow funds in the escrow account refer to pre-sale proceeds that are maintained at the regulatory threshold and used to ensure the real estate developers to settle the construction payments and relevant expenses for completion of the construction contracts regarding the main construction, while the general escrow funds refer to the surplus proceeds that exceed the regulatory threshold, which are mainly used to settle the costs of materials and equipment for the ancillary facilitates in relation to construction projects. The project company needs to submit application to the competent authority for release of the escrow funds.

In relation to the regulatory threshold of key escrow funds, there are differentiated requirements promulgated in each city. For instance, in accordance with the Measures on Supervision and Administration of Commodity Housing Pre-sale Proceeds in Bozhou Municipality (《亳州市商品房預售資金監管辦法》), the total key escrow funds of projects for sale are determined by the municipal real estate administrative authorities based on "fixed budget standards", which will be specifically established with authorities such as price department, and implemented after making announcement to the public. In accordance with the Measures on Supervision and Administration of Commodity Housing Pre-sale Proceeds in Hefei Municipality (《合肥市商品房預售資金監督管理辦法》), the key escrow funds equal to total construction expenses ("**Total Construction Expenses**"), including expenses incurred in relation to construction installation, infrastructure and public facilities, of projects under supervision plus 20% of the Total Construction Expenses as unforeseeable expenses. In accordance with the Measures on Supervision and Administration of Commodity Housing Pre-sale Proceeds in Huainan Municipality (《淮南市商品房預售資金監督管理辦法》), the key escrow funds equal to Total Construction Expenses, including expenses incurred in relation to construction installation and public facilities, of projects under supervision plus 5% to 10% of the Total Construction Expenses as unforeseeable expenses. However, the Measures on Supervision and Administration of Commodity Housing Pre-sale Proceeds (《商品房預售資金監管辦法》) promulgated by Suzhou have no clear regulation on calculation of the amount of the key escrow funds.

The Measures on Supervision and Administration of Commodity Housing Pre-sale Proceeds (《商品房預售資金監管辦法》) and/or Implementation Rules promulgated by Bozhou, Chuzhou, Huainan and Suzhou clearly stipulate that the use stages for key escrow funds of the pre-sale proceeds, though the specific stages and the proportion of application limit may be different. For example, the Implementation Rules on Supervision and Administration of Commodity Housing Pre-sale Proceeds in Bozhou Municipality (《亳州市商品房預售資金監管實施細則》) stipulates that real estate developers shall apply for the use of key escrow funds of pre-sale proceeds based on the construction progress of the project: for projects with foundation completed, the accumulative amount of fund allowed to be applied for release shall not exceed 25% of the total amount of the key escrow funds; for projects with main structure half completed, the cumulative application amount for using key escrow funds may not exceed 50% of the total key escrow funds of pre-sale proceeds; for projects with roof works of the main structure completed, the cumulative application amount may not exceed 75% of the key escrow funds; for projects with single unit under acceptance the cumulative application amount may not exceed 90% of the key escrow funds; and if the municipal real estate administrative department approved the payment of project funds based on the application of the real estate developer, the escrow bank must supervise the allocation of the funds to the construction enterprise by means of transfer accounts. The Provisional Measures for Supervision and Administration of Newly-built Commodity Housing Pre-sale Proceeds in Chuzhou Municipality (《滁州市新建商品房預售資金監管暫行辦法》) stipulates that real estate developers shall apply for the use of key escrow funds based on the following use stages of funds: for projects with foundation completed, the application limit for using funds may not exceed 30% of the total key escrow funds; for projects with main structure capped, the cumulative application limit for using funds may not exceed 65% of the total key escrow funds; for projects under acceptance, the cumulative application limit for using funds may not exceed 95% of the total key escrow funds. However, the Measures on Supervision and Administration of Commodity Housing Pre-sale Proceeds (《商品房預售資金監管辦法》) promulgated by Fuyang and Hefei have no clear regulation on the use stages for key escrow funds of the pre-sale proceeds.

Sales after Completion of Commodity Properties

Under the Sale Measures, commodity properties may be put to post-completion sale only when the following conditions have been satisfied: (1) the real estate development enterprise offering to sell the post-completion buildings shall have an enterprise legal person business license and a qualification certificate of real estate development; (2) the enterprise has obtained land use rights certificates or other approval documents of land use; (3) the enterprise has obtained the construction project planning license and the construction work commencement license; (4) the commercial properties have been completed and been inspected and accepted as qualified; (5) the relocation of the original residents has been well settled; (6) the supplementary essential facilities for supplying water, electricity, heating, gas and communication have been made ready for use, and other supplementary essential facilities and public facilities have been made ready for use, or the schedule of construction and delivery date have been specified; and (7) the property management proposal has been completed.

The Provisions on Sales of Commodity Properties at Clearly Marked Price (《商品房銷售明碼標價規定》) was promulgated by the NDRC on March 16, 2011 and became effective on May 1, 2011. According to the provisions, any real estate developer or real estate agency is required to mark the selling price explicitly and clearly for both newly-built and second-hand commercial properties.

On February 26, 2013, the General Office of the State Council issued the Notice on Continuing the Regulation of Real Estate Market (《關於繼續做好房地產市場調控工作的通知》) which is intended to cool down the property market and emphasize the government's determination to strictly enforce regulatory and macro-economic measures, which include, among other things, (i) restrictions on purchasing the real estate, (ii) increased down payment requirement for second residential properties purchase, (iii) suspending mortgage financing for second or more residential-properties purchase and (iv) 20% individual income tax rate applied to the gain from the sales of properties.

According to the Notice on Several Opinions on Further Promoting the Stable and Healthy Development of the Real Estate Market in Our City (《關於進一步促進我市房地產市場平穩健康發展的若干意見的通知》) which promulgated by Hefei Municipal Real Estate Administration, Hefei Municipal Bureau of Land and Resources and other departments on October 2, 2016, the first record price of the new commodity housing shall be determined according to the project site with reference to the record price of the new commodity housing of the same area, the same quality and the same type; the same project and the same type of house shall not raise the record price within 6 months; after 6-month, the extent of the record price increase should not exceed 1%. As to projects that have obtained pre-sale permits, all saleable houses must be disclosed in one time within 10 days, and cannot be sold beyond the record price by means of "price increase".

Notices on Accelerating a Stable and Healthy Development in the Real Estate Market

On January 7, 2010, the General Office of the State Council issued the Notice on Accelerating a Stable and Healthy Development in the Real Estate Market (關於促進房地產市場平穩健康發展的通知), which stipulates to: (1) increase the effective supply of security housing and common commercial housing; (2) reasonably steer housing consumption and suppress speculative house purchasing demand; (3) strengthen risk prevention and market supervision; and (4) accelerate the security comfort housing project construction.

On April 17, 2010, the State Council issued the Notice on Restraining Resolutely the Soaring of Housing Prices in Some Cities (關於堅決遏制部分城市房價過快上漲的通知), which requires that: (1) each district and each department practically implement their duty to stabilize property prices and residential housing guarantees; and (2) unreasonable housing demands should be strictly restricted and stricter differentiating credit policies should be implemented.

According to the Guiding Opinions on Construction and Administration of Comfort Housing Project (關於保障性安居工程建設和管理的指導意見) promulgated by the General Office of the State Council on September 28, 2011, the comfort housing project includes public rental housing, affordable housing, price-restricted commodity housing, renovation of shantytowns and renovation of rural dilapidated housing.

In accordance with the Circular of the MOHURD and the MLR on Strengthening the Administration and Regulation of Recent Housing and Land Supply (住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知), promulgated and implemented on April 1, 2017 by the MOHURD and the MLR, in cities that have prominent contradictions between housing supply and demand or that face overheating markets, the supply of residential land, in particular the land for ordinary commercial houses, shall be increased reasonably. In cities with heavy workloads of destock housing inventory, the supply of residential land shall be reduced or even suspended. All the local authorities shall build an inspection system to ensure that the real estate developers are using their own legal funds to purchase land.

Mortgage of Properties

The mortgage of real estate in the PRC is mainly governed by the Property Rights Law of the People's Republic of China (《中華人民共和國物權法》), the Guarantee Law of the PRC (《中華人民共和國擔保法》), and the Measures for Administration of Mortgages of Urban Real Estate (《城市房地產抵押管理辦法》) and the Civil Code which replaced the Property Rights Law of the People's Republic of China (《中華人民共和國物權法》) and the Guarantee Law of the People's Republic of China (《中華人民共和國擔保法》) since January 1, 2021. According to these laws and regulations, land use rights, the buildings and other real fixtures may be mortgaged. When a mortgage is created on the ownership of a building legally obtained, a mortgage shall be simultaneously created on the use right of the land on which the building is located. The mortgagor and the mortgagee shall enter into a mortgage contract in writing. A system has been adopted to register the mortgages of real estate. After a real estate mortgage contract has been signed, the contract parties shall register the mortgage with the real estate administration authority at the location where the real estate is situated. If a mortgage is created on the real estate in respect of which a property ownership certificate has been obtained legally, the registration authority shall make an entry under the "third party rights" item on the original property ownership certificate and issue a Certificate of Third Party Rights to a Building (房屋他項權證) to the mortgagee.

Lease of Properties

Both the Urban Land Regulations and the Urban Real Estate Law permit the leasing of granted land use rights and of the buildings or houses erected on the land. On December 1, 2010, MOHURD promulgated the Administrative Measures for Commercial House Leasing (《商品房屋租賃管理辦法》) (the "**New Lease Measures**"), which became effective on February 1, 2011, and replaces the Administrative Measures for Urban House Leasing (《城市房屋租賃管理辦法》). Pursuant to the New Lease Measures, parties thereto shall register and file with the local property administration authority within thirty days after entering into the lease contract. Non-compliance with such registration and filing requirements shall be subject to fines up to RMB1,000 (individuals) and RMB1,000 to 10,000 (enterprises) provided that they fail to rectify within required time limits. According to the Urban Real Estate Law, rental income derived from any building situated on allocated land where the land use rights have been obtained through allocation, shall be turned over to the State.

Under the Civil Code, the term of a leasing contract shall not exceed 20 years.

REAL ESTATE REGISTRATION

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated by the State Council on November 24, 2014 and became effective on March 1, 2015 and amended on March 24, 2019, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and amended on July 16, 2019, provide that, among other things, the State implements a uniform real estate registration system and the registration of real estate shall be strictly managed and shall be carried out in a stable and continuous manner that provides convenience for the people.

REAL ESTATE FINANCING

Loans to Real Estate Development Enterprises

On August 30, 2004, the CBRC issued a Guideline for Commercial Banks on Risks of Real Estate Loans (《商業銀行房地產貸款風險管理指引》). According to this guideline, no loans shall be granted to projects which have not obtained requisite land use rights certificates, construction land planning licenses, construction work planning permits and construction work commencement permits. The guideline also stipulates that bank loans shall only be extended to real estate developer who applied for loans and contributed not less than 35% of the total investment of the property development project by its own capital. In addition, the guideline provides that commercial banks shall set up strict approval systems for granting loans.

On July 29, 2008, the PBOC and the CBRC issued the Notice on Financially Promoting the Land Saving and Efficient Use (《關於金融促進節約集約用地的通知》), which, among other things,

- restricts from granting loans to real estate developers for the purpose of paying land grant premiums;

- provides that, for secured loans for land reserve, legal land use rights certificates shall be obtained and the loan on mortgage shall not exceed 70% of the appraised value of the collateral, and the term of loan shall be no more than two years in principle;

- provides that for the real estate developer who (i) delays the commencement of development date specified in the land grant contract for more than one year, (ii) has not completed one-third of the intended project, or (iii) has not invested one-fourth of the intended total project investment, loans shall be granted or extended prudently;

- restricts granting loans to the real estate developer whose land has been idle for more than two years; and

- prohibits taking idle land as a security for loans.

On September 29, 2010, the PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》), which restricts the grant of new project bank loans or extension of credit facilities for all property companies with non-compliance records regarding, among other things, holding idle land, changing land use and nature of land, postponing construction commencement or completion, or hoarding properties.

Trust and Asset Management Financing

On March 1, 2007, The Measures for Administration of Trust Companies (《信託公司管理辦法》), which was promulgated by the CBRC on January 23, 2007, came into effect. For the purposes of these measures, "**Trust Company**" shall mean any financial institution established pursuant to the PRC Company Law and the Measures for Administration of Trust Companies, and that primarily engages in trust activities.

From October 2008 to November 2010, the CBRC issued several regulatory notices in relation to real estate activities conducted by Trust Companies, including a Circular on Relevant Matters Regarding Strengthening the Supervision of the Real Estate and Securities Businesses of Trust Companies (《關於加強信託公司房地產、證券業務監管有關問題的通知》), promulgated by the CBRC on October 28, 2008 and became effective on the same date, pursuant to which Trust Companies are restricted from providing trust loans, in form or in nature, to property projects that have not obtained the requisite land use rights certificates, construction land planning licenses, construction work planning licenses and construction work commencement licenses and the property projects of which less than 35% of the total investment is funded by the real estate developers' own capital (the 35% requirement was changed to 20% for affordable housing and ordinary commodity apartments, and to 30% for other property projects as provided by the Notice on Adjusting the Capital Ratio of Fixed Assets Investment Projects (《關於調整固定資產投資項目資本金比例的通知》) issued by the State Council on May 25, 2009, then the 30% requirement was changed to 25% for other property projects as provided by the Notice of the State Council on Adjusting and Improving the Capital System for Fixed Assets Investment Projects (《國務院關於調整和完善固定資產投資項目資本金制度的通知》) issued by the State Council and became effective on September 9, 2015).

On April 27, 2018, the Opinions on Regulating Asset Management Business of Financial Institutions (《關於規範金融機構資產管理業務的指導意見》) jointly issued by the PBOC, CBIRC, CSRC and SAFE, require that, financial institutions including Trust Companies, banks, fund management companies and financial asset management companies should comply with applicable regulations regarding the types of asset management business and issuance of asset management products. In addition, such financial institutions should adhere to the fundamental objective of serving the real economy, prevent funds from leaving the real economy for the virtual economy to circulate within the financial system, prevent excessively complicated products from intensifying the transmission of the risks among industries, markets, and regions, and develop unified standards and rules directed in priority at problems in asset management business, such as multi-layered nesting, unclear leverage, serious arbitrage, and frequent speculation.

On May 8, 2019, the CBIRC issued the Circular on Carrying out the Work of Consolidating the Achievements on Rectification of Chaos and Promoting Compliance Construction (《中國銀保監會關於開展「鞏固治亂像成果　促進合規建設」工作的通知》), which emphasizes that trust company shall not directly provide financing to real estate development projects which have incomplete "Four Certificates" (i.e. the Certificate of Land Use Rights, Planning License for Construction-land-use, Planning License for Construction Works and Construction License), whose developers or their controlling shareholders are unqualified and whose capital funds are not fully paid, or provide financing in disguised form through equity investment + shareholder borrowing, equity investment + creditors' right subscription posterior, accounts receivable, right to returns from specific assets and so on; provide financing directly or in disguised form for the payment of land-transferring fees by real estate enterprises, and issuance of working capital loans to real estate enterprises directly or in disguised form; provide financing to local governments in breach of the laws or rules; rule-breaching requirement for or acceptance of the provide all kinds of guarantees by local governments or their affiliated departments; rule-breaching direct or indirect investment of on- and off-balance sheet funds in the "Two-high and One excess" (i.e. high energy consumption, high pollution and excess capacity) industries or other restrictive or prohibited fields.

Housing Loans to Individual Buyers

On April 17, 2010, the State Council issued the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (《關於堅決遏制部分城市房價過快上漲的通知》), pursuant to which, a stricter differential housing credit policy shall be enforced. It provides that, among other things, (i) for a family member who is a first-time house buyer (including the debtors, their spouses and their juvenile children, similarly hereinafter) of the apartment with a GFA more than 90 sq.m., a minimum 30% down payment shall be paid; (ii) for a family who applies loans for its second house, the down payment requirement is raised to at least 50% from 30% and also provides that the applicable interest rate must be at least 1.1 times of that of the corresponding benchmark interest rate over the same corresponding period published by the PBOC; and (iii) for those who purchase three or more houses, even higher requirements on both down payments and interest rates shall be levied. In addition, the banks may suspend housing loans to third or more home buyers in places where house prices rise excessively, the prices are rapidly high and housing supply is insufficient.

The Notice on Certain Matters Concerning Individual Housing Loan Policies (《關於個人住房貸款政策有關問題的通知》) promulgated by PBOC, MOHURD and CBRC on March 30, 2015 and became effective on the same date provides that where a household, which has already owned a house and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 40% of the property price. The actual down payment ratio and loan interest rate should be determined by the banking financial institution concerned based on the borrower's credit record and financial condition. For working households that have contributed to the housing provident fund, when they use the housing provident fund loans to purchase an ordinary residential house as their first house, the minimum down payment shall be 20% of the house price; for working households that have contributed to the housing provident fund and that have already owned a home and have paid off the corresponding home loans, when they apply for the housing provident fund loans for the purchase of an ordinary residential house as their second property to improve their housing conditions, the minimum down payment shall be 30% of the property price.

The Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving Differentiated Housing Credit Lending Policies (《關於進一步完善差別化住房信貸政策有關問題的通知》) issued by PBOC and CBRC on September 24, 2015, provides that in cities that control measures on property purchase are not imposed, where a household applies for the commercial personal housing loan to purchase his/her first ordinary housing property, the minimum down payment shall be adjusted to 25% of the house price. The minimum down payment ratio for the commercial personal housing loan of each city will be independently determined by each provincial pricing self-disciplinary mechanism of market interest based on the actual situation of each city under the guidance of PBOC and the CBRC local office.

The Notice on Adjustments in Respect of Certain Matters Concerning Individual Housing Loan Policies (《關於調整個人住房貸款政策有關問題的通知》), promulgated by PBOC and CBRC on February 1, 2016, provides that in the cities that control measures on property purchase are not imposed, where a household applies for the commercial personal housing loan to purchase its first ordinary housing property, the minimum down payment, in principle, shall be 25% of the property price and each city could adjust such ratio downwards by 5%; and where a household which has already owned a house and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 30% of the property price. In the cities that control measures on property purchase are imposed, the individual housing loan policies shall be adopted in accordance with the original regulations. The actual down payment ratio and loan interest rate shall be determined reasonably by the banking financial institutions based on the requirements of minimum down payment ratio determined by provincial pricing self-disciplinary mechanism of market interest, the loan-issuance policies and the risk control for commercial personal housing loan adopted by such banking financial institutions and other factors such as the borrower's credit record and capacity of repayment.

ENVIRONMENTAL PROTECTION

The laws and regulations governing the environmental requirements for real estate development in the PRC include the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Prevention and Control of Noise Pollution Law of the People's Republic of China (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》) and the Administrative Regulations on Environmental Protection for Acceptance Examination Upon Completion of Buildings (《建設項目竣工環境保護驗收管理辦法》). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form shall be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

CIVIL AIR DEFENSE PROPERTY

Pursuant to the PRC Law on National Defense (《中華人民共和國國防法》) promulgated by the NPC on March 14, 1997, as amended on August 27, 2009 and December 26, 2020, national defense assets are owned by the state. Pursuant to the PRC Law on Civil Air Defense (《中華人民共和國人民防空法》) (the "**Civil Air Defense Law**"), promulgated by the NPC on October 29, 1996, as amended on August 27, 2009, civil air defense is an integral part of national defense. The Civil Air Defense Law encourages the public to invest in the construction of civil air defense property and investors in civil air defense are permitted to use, manage the civil air defense property in time of peace and profit therefrom. However, such use must not impair their functions as air defense property. The design, construction and quality of the civil air defense properties must conform to the protection and quality standards established by the State. On November 1, 2001, the National Civil Air Defense Office issued the Administrative Measures for Developing and Using the Civil Air Defense Property at Ordinary Times (《人民防空工程平時開發利用管理辦法》) and the Administrative Measures for Maintaining the Civil Air Defense Property (《人民防空工程維護管理辦法》), which specify how to use, manage and maintain the civil air defense property.

Pursuant to Measures for Implementing "the PRC Civil Air Defense Law" (amended in 2006) (《安徽省實施《中華人民共和國人民防空法》辦法(2006年修訂)》), promulgated by Standing Committee of the People's Congress of Anhui Province on August 15, 1998, firstly amended on October 15, 1999, secondly amended on October 21, 2006 and Regulations on the Construction and Maintenance of Civil Air Defense Project of Anhui Province (amended in 2018) (《安徽省人民防空工程建設與維護管理規定(2018年修訂)》), which was promulgated by People's Government of Anhui Province on December 29, 2018, and came into effect on March 1, 2019, the completion inspection and acceptance of the civil air defense project shall be subject to a filing system. The construction unit shall, within 15 days from the date of completion inspection and acceptance, submit the completion acceptance report and the accredited documents issued by the project quality supervision agency and relevant departments to the civil air defense competent department for the record. Under the premise of not affecting its air defense effectiveness, civil air defense projects that do not need to be kept secret can be used as shopping malls, garages, warehouses, cultural and entertainment venues, hostels and other business premises. During the war, the civil air defense project was uniformly arranged by the civil air defense department.

MEASURES ON STABILIZING HOUSING PRICES

The Notice on Adjusting the Business Tax Policies Concerning Transfer of Individual Housing (《關於調整個人住房轉讓營業稅政策的通知》) promulgated by the Ministry of Finance and the SAT on March 30, 2015 and became effective on March 31, 2015 provides that where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax.

The Notice of the Ministry of Finance, the State Administration of Taxation and the MOHURD on Adjusting the Preferential Policies on Deed Tax and Business Tax during Real Estate Transactions (《財政部、國家稅務總局、住房城鄉建設部關於調整房地產交易環節契稅、營業稅優惠政策的通知》) ("**the Notice**") promulgated on February 17, 2016 and became effective on February 22, 2016 provides that: (1) the purchase of a property by an individual as the only house for his/her family (covering the purchaser and the spouse and minor children thereof) is subject to deed tax at a reduced rate of 1% if the area of the house is 90 sq.m. or less, or 1.5% if the area is over 90 sq.m.; and (2) the purchase of a second house by an individual for making house improvements for his/her family is subject to deed tax at a reduced rate of 1% if the area of the house is 90 sq.m. or less, or 2% if the area is over 90 sq.m.. Meanwhile, the Notice specifies that the sale of a house that has been purchased by an individual for less than two years is subject to business tax at a full rate; and the sale of a house that has been purchased by an individual for two years or more is exempted from business tax. In addition, the Notice stresses that certain preferential business tax policies shall not apply to Beijing Municipality, Shanghai Municipality, Guangzhou City and Shenzhen City for the time being.

In accordance with Circular of the MOHURD and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》) (promulgated and implemented on April 1, 2017 by the MLR and the MOHURD). In cities featuring obvious contradiction between the supply of and demand for housing or under pressure due to increasing housing prices and more housing land, in particular the land for ordinary commercial houses, shall be supplied to a reasonable extent, and the housing land supply shall be reduced or even suspended in cities requiring a lot of destocking of real estate. All the local authorities shall build a land purchase money inspection system to ensure that the real estate developers use their own legal funds to purchase land.

On March 9, 2017, seven departments including the Chuzhou Land and Real Estate Bureau issued the Several Opinions on Further Promoting the Stable and Healthy Development of the Real Estate Market in the City (《關於進一步促進全市房地產市場平穩健康發展的若干意見》), it requires to strengthen the management of commodity housing price filing, establish a city commodity housing price filing guidance mechanism, establish a city commodity housing price filing guidance group, conduct cost accounting for commodity housing filing prices, and the price cannot be adjusted within six months after filing.

On August 24, 2018, Bozhou Real Estate Administration issued the Notice on Further Strengthening the Real Estate Market Supervision (《關於進一步加強房地產市場監管工作的通知》). With respect to the real estate development projects that have received property pre-sale permit, the real estate development enterprise shall publicly announce all the commodity properties available for sale within 10 days. The real estate development enterprise and its entrusted sales agency company shall sell it according to the project housing record price, and shall not charge any price or expense other than the housing record price range.

Redevelopment of Shantytown Areas

In accordance with the Opinions of the State Council on Accelerating the Redevelopment of Shantytown Areas (《國務院關於加快棚戶區改造工作的意見》) promulgated on July 4, 2013, the redevelopment of shantytowns is a major project for improving people's livelihood and development. Since 2008, local authorities and relevant departments have incorporated shantytown redevelopment plans as part of the urban housing projects for low-income families and accelerated its implementation under the decision and deployment of the Central Party Committee and the State Council.

On November 6, 2014, the People's Bank of China issued the Monetary Policy Implementation Report (Third Quarter 2014) (《貨幣政策執行報告》2014年第3季度), which introduced the pledged supplementary loans to provide a long-term stable and low-cost source of capital for the redevelopment of shantytowns.

On July 11, 2016, MOHURD, Ministry of Finance and Ministry of Land and Resources jointly issued the Circular on Relevant Issues Regarding Further Improving the Redevelopment of Shantytown Areas (《關於進一步做好棚戶區改造工作有關問題的通知》), which announced a policy for the acceleration of the redevelopment of shantytowns through the improvement of the ratio of housing monetization resettlement and the implementation of the supportive policy of credit loan for the redevelopment of shantytowns, six million houses of shantytowns shall be redeveloped in 2016 according to the 2016 Report on the Work of the Government (2016年《政府工作報告》). In accordance with the Circular on Launching the Major Supervision of the State Council in 2018 (《國務院關於開展2018年國務院大督查的通知》) issued on July 6, 2018, the three-year shantytowns redevelopment plan and the task to redevelop 5.8 million shantytowns houses in 2018 shall be implemented under the supervision of the State Council.

Foreign Currency Exchange

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administrative Regulations (《外匯管理條例》) (the "**SAFE Regulations**") which was promulgated by the State Council and last amended on August 5, 2008. Under the SAFE Regulations, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the SAFE is obtained.

Pursuant to the SAFE Circular No. 37, promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident ("**PRC Resident**") shall register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle ("**Overseas SPV**"), that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV's PRC Resident shareholder(s), name of the Overseas SPV, term of operation, or any increase or reduction of the Overseas SPV's registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**Circular 13**"), which was promulgated on February 13, 2015 and with effect from June 1, 2015, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment are directly reviewed and handled by banks in accordance with the Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

TAXES

Corporate Income Tax

Pursuant to the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) which was promulgated on March 16, 2007 and amended on February 24, 2017 and December 29, 2018, and the Regulation on the Implementation of the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) which was promulgated on December 6, 2007 and with effect from January 1, 2008 and amended on April 23, 2019, the income tax for both domestic and foreign-invested enterprises is at the same rate of 25%. Furthermore, resident enterprises, which refer to enterprises that are set up in accordance with the PRC laws, or that are set up in accordance with the law of the foreign country (region) but with its actual administration institution in the PRC, shall pay corporate income tax originating both within and outside the PRC. While non-resident enterprises that have set up institutions or premises in the PRC shall pay corporate income tax in relation to the income originating from the PRC and obtained by their institutions or establishments, and the income incurred outside the PRC but there is an actual relationship with the institutions or establishments set up by such enterprises. Where non-resident enterprises that have not set up institutions or establishments in the PRC, or where institutions or establishments are set up but there is no actual relationship with the income obtained by the institutions or establishments set up by such enterprises, they shall pay corporate income tax in relation to the income originating from the PRC.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated on December 13, 1993 revised on November 10, 2008, February 6, 2016 and last amended on November 19, 2017 and its implementation rules, all entities or individuals in the PRC engaging in the sale of goods, the provision of processing services, repairs and replacement services, the sale services, intangible assets, immovables, and the importation of goods are required to pay value-added tax.

Pursuant to the Announcement of the SAT on Promulgating the Interim Administrative Measures for the Collection of Value-added Tax on the Sale of Self-developed Real Estate Projects by Real Estate Developers (《國家稅務總局關於發佈〈房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法〉的公告》) which was promulgated on March 31, 2016 and amended on June 15, 2018, real estate developer shall pay value-added tax for the sales of its self-developed real estate project.

Land Appreciation Tax (LAT)

Under the Interim Regulations on Land Appreciation Tax of the PRC (《中華人民共和國土地增值稅暫行條例》) promulgated by the State Council on December 13, 1993 and last amended on January 8, 2011 as well as its implementation rules issued on January 27, 1995 (《中華人民共和國土地增值稅暫行條例實施細則》), land appreciation tax is payable on the appreciation value derived from the transfer of State-owned land use rights and buildings or other facilities on such land, after deducting the deductible items.

Labor Protection

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) which were separately with effect from January 1, 1995 (amended on August 27, 2009, December 29, 2018) and January 1, 2008 (amended on December 28, 2012), respectively, labor contracts shall be concluded if labor relationships are to be established between the employer and the employees.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated on October 28, 2010 and with effect from July 1, 2011, and last amended on December 29, 2018, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. An employer shall make registration with the local social insurance agency in accordance with the provisions of the Social Insurance Law of PRC. Moreover, an employer shall declare and make social insurance contributions in full and on time. Pursuant to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) which was promulgated on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers shall undertake registration at the competent administrative center of housing provident fund and then, upon the examination by such administrative center of housing provident fund, undergo the procedures of opening the account of housing provident fund for their employees at the relevant bank. Enterprises are also obliged to timely pay and deposit housing provident fund for their employees in full amount.

PRC MERGER & ACQUISITION

Pursuant to Provisions on the M&A Rules which was promulgated by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the SAIC, the China Securities Regulatory Commission and the SAFE on August 8, 2006, and subsequently amended by the MOFCOM on June 22, 2009, acquisition of a domestic enterprise by a foreign investor refers to the purchase by foreign investors of the equity interests of the shareholders of non-foreign invested enterprises established within the territory of PRC or the subscription by foreign investors of the capital increase of domestic companies, thus converting and re-establishing such domestic companies as foreign-invested enterprises; or, and the purchase by agreement of the assets of domestic enterprises and operation of such assets through the foreign-invested enterprises established by foreign investors for the purpose of merging and acquiring domestic enterprises, or, the purchase of the assets of domestic enterprises through agreement by foreign investors who then use such purchased assets to establish a foreign-invested enterprise which operates such assets.

On October 8, 2016, Ministry of Commerce issued the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (the "**Circular 6**") (《外商投資企業設立及變更備案管理暫行辦法》) which took effect on the same day and amended on July 30, 2017 and further amended on June 29, 2018. According to the Circular 6, where a non-foreign-invested enterprise changes into a foreign-invested enterprise due to acquisition, consolidation by merger or otherwise, which is subject to record-filing as stipulated in the Circular 6, it shall complete the record-filing formalities for incorporation and submit the Incorporation Application in accordance with Circular 6.

On December 30, 2019, the Ministry of Commerce and the State Administration of Market Regulation issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and replaced Circular 6. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in the PRC, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

HISTORY AND DEVELOPMENT

Overview

We are a fast-growing real estate developer in the PRC focusing on the development and sales of residential properties.

The origins of our Company can be traced back to 2004 when Mr. Qian and Ms. An, our founders and executive Directors, started engaging in real estate business through Anhui Sanxun Investment. In 2010, Chuzhou Sanxun was established with a view to focusing on the development of residential property development, which has grown to become the centralized management platform of our Group. We acquired our first land parcel in Chuzhou, Anhui Province in 2011 and subsequently developed it into our residential property project, Chuzhou Left Bank Fragrance (滁州左岸香頌). Since then, we have expanded our residential property development business into different cities across the PRC and further established our "Sanxun" brand of properties.

As of April 30, 2021, we had a total 44 projects at various stages of development, covering 12 cities in three provinces with a total land bank of approximately 4.3 million sq.m. According to Anhui Commerce Association of Real Estate (安徽省房地產商會), we were ranked 1st in terms of land bank increment and 2nd in terms of contracted sales among the real estate developers headquartered in or primarily focusing on Anhui Province in 2018. In March 2020, we were honored as one of the 2020 China Top 100 Real Estate Developers (2020年房地產百強企業) and 2020 China Star Real Estate Developers (2020年房地產百強之星) by China Real Estate Top 10 Research (中國房地產TOP 10研究組) based on scale, profitability, growth potential, finance stability and capability, operating efficiency, social responsibility and other factors.

Key Business Development Milestones

The following set forth the key business milestones of our Group:

Years	Milestone
2004	• Our founders and executive Directors, Mr. Qian and Ms. An, entered the real estate industry.
	• Anhui Sanxun Investment was officially established, started to engage in real estate business and operated mainly in Anhui Province.
2010	• Chuzhou Sanxun was established in 2010 as a project company for our property development projects, which has grown to become one of our major subsidiaries and the centralized management platform of our Group.
2016	• We expanded our property development into Bozhou and Mingguang in Anhui Province.

Years	Milestone
2017	• We were awarded "Top 10 Local Real Estate Company in Terms of Comprehensive Strength (2017安徽年度本土地產綜合實力Top 10)" [(1)].
2017-2019	• We expanded our property development into Fengyang, Huainan, Hefei, Suzhou, Fuyang and Anqing in Anhui Province.
2018	• We were awarded "Top 10 Leading Anhui Real Estate Enterprises in China (Anhui) (2018年中國(安徽)徽商領軍房地產企業10強)"[(2)] and "Best Strategic Development Engine Entity (2018年度最佳戰略發展引擎組織)"[(3)]. • We relocated our headquarters to Shanghai to further carry out our business development strategies. • We expanded our property development business into Shandong Province.
2019	• We were awarded "Top 5 Local Real Estate Enterprises of Anhui in Terms of Sales (安徽本土房企銷售5強)", "Top 10 Real Estate Enterprises of Anhui in Terms of Sales (安徽省房企銷售10強)", "8th Place in Anhui's Real Estate Charity List (2018年安徽省本土房企慈善榜第8位)" and "Fourth Largest Real Estate Company in Terms of Incremental Land Bank (largest among local real estate companies) (安徽省房企新增土儲第4位(本土房企第1位))"[(4)]. • We expanded our property development business into Jiangsu Province.
2020	• We were honored as one of the 2020 China Top 100 Real Estate Developers (2020年房地產百強企業) and 2020 China Star Real Estate Developers (2020年房地產百強之星) based on scale, profitability, growth potential, finance stability and capability, operating efficiency, social responsibility and other factors[(5)].

Notes:

(1) Awarded by Xafc.com; Real Estate Research Institute of Hefei College (新安房產網;合肥學院房地產研究所).

(2) Awarded by Xin'an Big Data Research Institute (新安大數據研究院) and Real Estate Research Institute of Hefei College (合肥學院房地產研究所).

(3) Awarded by Bonzer Institute (博志成研究院).

(4) All awarded by Anhui Commerce Association of Real Estate (安徽省房地產商會).

(5) All awarded by China Real Estate Top 10 Research (中國房地產TOP 10研究組).

Our Corporate Development

We describe below the major corporate developments of members of our Group which were material to the performance of our Group during the Track Record Period.

Chuzhou Sanxun

Chuzhou Sanxun is the centralized management platform for our property development projects. It was established by Anhui Sanxun Investment in the PRC on March 31, 2010 with an initial registered capital of RMB10 million. After a series of capital injections by Anhui Sanxun Investment, the registered capital of Chuzhou Sanxun was increased to RMB100 million on May 19, 2015.

On April 20, 2016, Anhui Sanxun Investment as the sole shareholder of Chuzhou Sanxun transferred 1% of the equity interest in Chuzhou Sanxun to Mr. Lu Zhen (路震), a then employee of our Group who held the equity interest as a nominee in favor of Anhui Sanxun Investment, at nil consideration given that the then registered capital of Chuzhou Sanxun had not been paid up at the time of the transfer. Anhui Sanxun Investment appointed Mr. Lu Zhen to act as a nominee shareholder as it was considered practically more efficient to have an individual shareholder as opposed to a corporate shareholder handle its day-to-day and routine administrative matters. According to such arrangement, Mr. Lu Zhen agreed to procure such equity interest to be transferred back to and registered under the name of Anhui Sanxun Investment at nil consideration upon its instruction. On August 1, 2016, the registered capital of Chuzhou Sanxun was increased to RMB200 million. Upon completion of such equity transfer and the capital injection, Chuzhou Sanxun became owned as to 99% by Anhui Sanxun Investment and 1% by Mr. Lu Zhen.

On December 28, 2016, Mr. Lu Zhen transferred his 1% equity interest in Chuzhou Sanxun to Anhui Sanxun Investment at nil consideration, which was determined after arm's length negotiations between the parties on the basis that such interest had been transferred to Mr. Lu Zhen by Chuzhou Sanxun at nil consideration, and the then registered capital of Chuzhou Sanxun had remained not paid up. Upon completion of such equity transfer, Chuzhou Sanxun became wholly owned by Anhui Sanxun Investment. The registered capital of Chuzhou Sanxun was fully paid up by Anhui Sanxun Investment in December 2016.

Upon completion of a series of equity transfers and capital injections as part of our Reorganization, Chuzhou Sanxun was owned as to 95% by Sanxun (Anhui) and 5% by Zhong Ying. See "—Reorganization—Establishment of Sanxun (Anhui) to acquire 95% equity interest in Chuzhou Sanxun" and "Pre-IPO Investment" in this section.

Mingguang Sanxun

Mingguang Sanxun is a project company for our property development projects in Mingguang, Anhui Province. It was established in the PRC on November 2, 2015 with an initial registered capital of RMB20 million. As of the date of establishment, Mingguang Sanxun was owned as to 80% by Chuzhou Sanxun and 20% by Mr. Wang Zizhong (王子忠), one of our executive Directors who held the equity interest as a nominee in favor of Chuzhou Sanxun. Chuzhou Sanxun appointed Mr. Wang Zizhong to act as the nominee shareholder as it was considered practically more efficient to have an individual shareholder as opposed to a corporate shareholder handle the day-to-day and routine administrative matters of Mingguang Sanxun. According to such arrangement, Mr. Wang Zizhong agreed to procure such equity interest to be transferred to and registered under the name of Chuzhou Sanxun at nil consideration upon its instruction.

On March 14, 2016, Mr. Wang Zizhong transferred 16.25% of the equity interest in Mingguang Sanxun to Chuzhou Sanxun at nil consideration on the basis that the full amount of the registered capital of Mingguang Sanxun had been paid by Chuzhou Sanxun, and that Mr. Wang Zizhong had held the relevant equity interest as a nominee in favor of Chuzhou Sanxun. Upon completion of such equity transfer, Mingguang Sanxun became owned as to 96.25% by Chuzhou Sanxun and 3.75% by Mr. Wang Zizhong.

As part of the Reorganization, on November 21, 2018, Chuzhou Sanxun acquired the remaining 3.75% of the equity interest in Mingguang Sanxun held by Mr. Wang Zizhong and Mingguang Sanxun became a direct wholly-owned subsidiary of Chuzhou Sanxun. See "—Reorganization—Onshore Reorganization—Acquisition of minority interest in Mingguang Sanxun by Chuzhou Sanxun" in this section.

Chuzhou Jiarui

Chuzhou Jiarui is a project company for our property development projects in Chuzhou, Anhui Province. It was established in the PRC on August 23, 2012 with an initial registered capital of RMB50 million. As of the date of establishment, Chuzhou Jiarui was owned as to 60% by Anhui Sanxun Investment and 40% by Anhui Yazhu Diamond Co., Ltd. (安徽亞珠金剛石股份有限公司), an Independent Third Party save for its shareholding in Chuzhou Jiarui.

As part of the Reorganization, on November 20, 2018, Anhui Sanxun Investment transferred its 60% equity interest in Chuzhou Jiarui to Chuzhou Sanxun and Chuzhou Jiarui became a direct non-wholly owned subsidiary of Chuzhou Sanxun. See "—Reorganization—Equity Transfers from Anhui Sanxun Investment to Chuzhou Sanxun" in this section.

Lixin Sanxun

Lixin Sanxun is a project company for our property development projects in Lixin, Anhui Province. It was established in the PRC on May 26, 2016 with an initial registered capital of RMB30 million. As of the date of establishment, Lixin Sanxun was owned as to 99% by Chuzhou Sanxun and 1% by Mr. Lu Zhen, a then employee of our Group who held the equity interest as a nominee in favor of Chuzhou Sanxun. Chuzhou Sanxun appointed Mr. Lu Zhen to act as the nominee shareholder as it was considered practically more efficient to have an individual shareholder as opposed to a corporate shareholder handle the day-to-day and routine administrative matters of Lixin Sanxun, and Mr. Lu Zhen agreed to procure such equity interest to be transferred to and registered under the name of Chuzhou Sanxun upon its instruction.

As part of the Reorganization, on November 9, 2018, Chuzhou Sanxun acquired the remaining 1% of the equity interest in Lixin Sanxun held by Mr. Lu Zhen and Lixin Sanxun became a direct wholly-owned subsidiary of Chuzhou Sanxun. See "—Reorganization—Onshore Reorganization—Acquisition of minority interest in Lixin Sanxun by Chuzhou Sanxun" in this section.

Lixin Sanxun Jiantou

Lixin Sanxun Jiantou is a project company for our property development projects in Lixin, Anhui Province. It was established in the PRC on May 18, 2017 with an initial registered capital of RMB20 million. As of the date of establishment, Lixin Sanxun Jiantou was owned as to 70% by Chuzhou Sanxun and 30% by Bozhou Jiantou Real Estate Development Co., Ltd. (亳州建投房地產開發有限公司), an Independent Third Party save for its shareholding in Bozhou Jiantou Sanxun and Lixin Sanxun Jiantou.

On March 12, 2018, Chuzhou Sanxun transferred 70% of the equity interest in Lixin Sanxun Jiantou to Anhui Xinhua Sunshine Wealth No. 10 Equity Fund (Limited Partnership) (安徽新華陽光財富十號投資基金(有限合夥)) at a nominal consideration of RMB1 as collateral pursuant to a trust financing arrangement. Such 70% equity interest in Lixin Sanxun Jiantou was re-transferred by Anhui Xinhua Sunshine Wealth No. 10 Equity Fund (Limited Partnership) to Chuzhou Sanxun on August 9, 2018 after full repayment of the loan under the relevant trust financing arrangement. Following the completion of these equity transfers, Lixin Sanxun Jiantou once again became owned as to 70% by Chuzhou Sanxun and 30% by Bozhou Jiantou Real Estate Development Co., Ltd.. See "Financial Information—Indebtedness—Trust and Asset Management Financing Arrangements" in this prospectus for details of the financing arrangements with trust companies and asset management companies that our Group has entered into to finance our property development projects.

Bozhou Sanxun

Bozhou Sanxun is a project company for our property development projects in Bozhou, Anhui Province. It was established by Chuzhou Sanxun in the PRC on July 13, 2016 with an initial registered capital of RMB30 million.

On September 9, 2016, the registered capital of Bozhou Sanxun was increased from RMB30 million to RMB100 million through a capital injection of RMB70 million by Chuzhou Sanxun.

On February 22, 2017, Chuzhou Sanxun transferred its entire equity interest in Bozhou Sanxun to Wuhu Xinhua Yongtai No. 4 Investment Management Partnership (Limited Partnership) (蕪湖新華雍泰四號投資管理合夥企業(有限合夥)) at a nominal consideration of RMB1 as collateral pursuant to a trust financing arrangement. The entire equity interest in Bozhou Sanxun was re-transferred by Wuhu Xinhua Yongtai No. 4 Investment Management Partnership (Limited Partnership) to Chuzhou Sanxun on August 8, 2018 at a nominal consideration of RMB1 after full repayment of the loan under the relevant trust financing arrangement. Following the completion of these equity transfers, Bozhou Sanxun once again became as a wholly-owned subsidiary of Chuzhou Sanxun. See "Financial Information—Indebtedness—Trust and Asset Management Financing Arrangements" in this prospectus for details of the financing arrangements with trust companies and asset management companies that our Group has entered into to finance our property development projects.

Bozhou Sanxun Gongguan

Bozhou Sanxun Gongguan is a project company for our property development projects in Bozhou, Anhui Province. It was established in the PRC on September 11, 2017 with an initial registered capital of RMB20 million. As of the date of establishment, Bozhou Sanxun Gongguan was owned as to 60% by Chuzhou Sanxun and 40% by Mr. He Wei (何偉), an Independent Third Party.

On March 8, 2018, Mr. He Wei transferred 40% of the equity interest in Bozhou Sanxun Gongguan for a consideration of RMB8 million, which was determined after arm's length negotiations with reference to the registered capital of Bozhou Sanxun Gongguan at the time of such transfer. Upon completion of such transfer, Bozhou Sanxun Gongguan became wholly owned by Chuzhou Sanxun.

On April 26, 2018, Chuzhou Sanxun transferred 20% of the equity interest in Bozhou Sanxun Gongguan to Wanxiang Trust Co., Ltd. (萬向信託有限公司) at a nominal consideration of RMB1 as collateral pursuant to a trust financing arrangement. Such 20% equity interest in Bozhou Sanxun was re-transferred by Wanxiang Trust Co., Ltd. to Chuzhou Sanxun on October 30, 2019 after full repayment of the loan under the relevant trust financing arrangement. Following the completion of these equity transfers, Bozhou Sanxun Gongguan once again became as a wholly-owned subsidiary of Chuzhou Sanxun. See "Financial Information—Indebtedness—Trust and Asset Management Financing Arrangements" in this prospectus for details of the financing arrangements with trust companies and asset management companies that our Group has entered into to finance our property development projects.

Chuzhou Sanxun Chengnan

Chuzhou Sanxun Chengnan is a project company for our property development projects in Chuzhou, Anhui Province. It was established in the PRC on November 29, 2016 with an initial registered capital of RMB10 million. As of the date of establishment, Chuzhou Sanxun Chengnan was owned as to 92% by Anhui Huadi Real Estate Co., Ltd. (安徽華地房地產有限公司), an Independent Third Party, and 8% by Chuzhou Sanxun. Based on a mutual agreement between Anhui Huadi Real Estate Co., Ltd. and Chuzhou Sanxun, Chuzhou Sanxun had the power to control all of the voting rights of Chuzhou Sanxun Chengnan, and in addition through its rights to direct the activities of Chuzhou Sanxun Chengnan, had rights to variable returns from Chuzhou Sanxun Chengnan and the ability to affect such returns. Accordingly, Chuzhou Sanxun Chengnan has been accounted for as a subsidiary of our Company since its establishment.

On July 24, 2017, the registered capital of Chuzhou Sanxun Chengnan was increased to RMB20 million.

On August 10, 2017, Anhui Huadi Real Estate Co., Ltd. transferred 92% of the equity interest in Chuzhou Sanxun Chengnan for a consideration of RMB18.4 million, which was determined after arm's length negotiations with reference to the registered capital of Chuzhou Sanxun Chengnan at the time of such transfer. Upon completion of such transfer, Chuzhou Sanxun Chengnan became wholly owned by Chuzhou Sanxun. Given that Chuzhou Sanxun Chengnan has been accounted for as a subsidiary of our Company since its establishment, such acquisition was not regarded from an accounting perspective as business combination under common control.

Chuzhou Sanxun Suchu

Chuzhou Sanxun Suchu is a project company for our property development projects in Chuzhou, Anhui Province. It was established in the PRC on November 14, 2016 with an initial registered capital of RMB20 million. As of the date of establishment, Chuzhou Sanxun Suchu was owned as to 99% by Chuzhou Sanxun and 1% by Mr. Lu Zhen, a then employee of our Group as a nominee in favor of Chuzhou Sanxun.

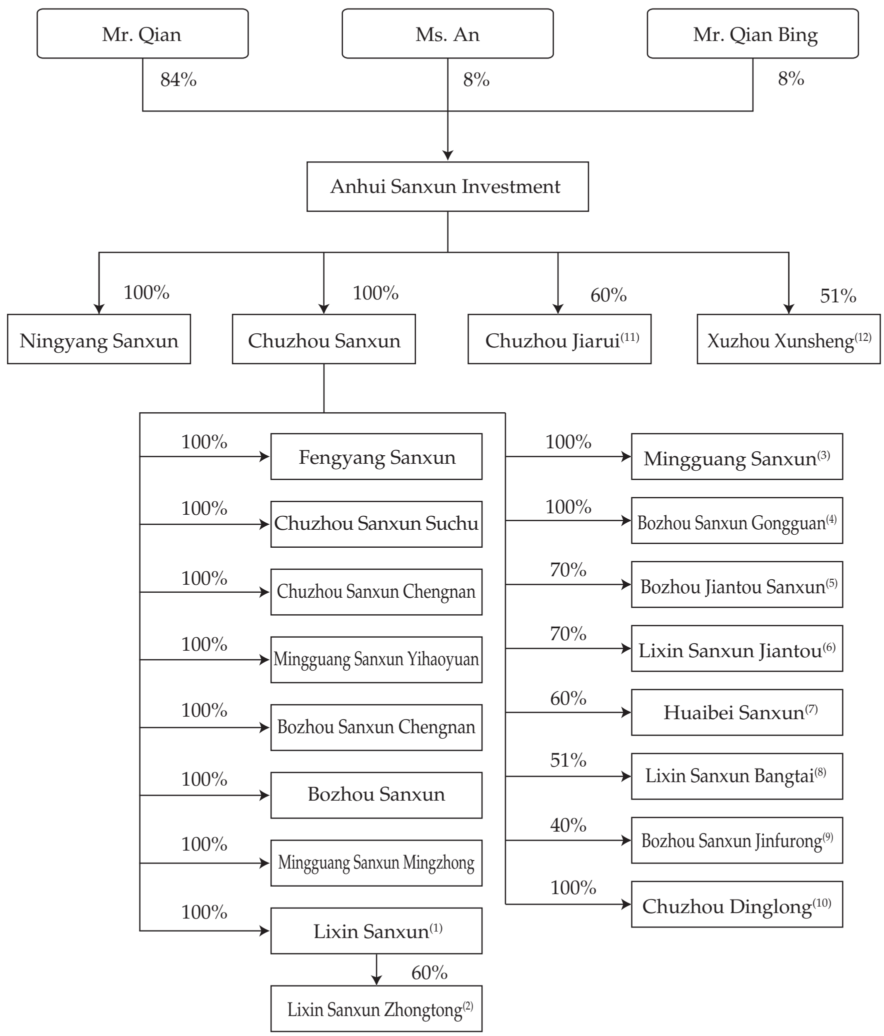
On December 14, 2016, Mr. Lu Zhen transferred his 1% equity interest in Chuzhou Sanxun Suchu to Chuzhou Sanxun at nil consideration, which was determined after arm's length negotiations between the parties on the basis that the then registered capital of Chuzhou Sanxun had not been paid up, and that Mr. Lu Zhen had held the relevant equity interest as a nominee in favor of Chuzhou Sanxun. Upon completion of such equity transfer, Chuzhou Sanxun Suchu became wholly owned by Chuzhou Sanxun.

On May 16, 2017, the registered capital of Chuzhou Sanxun Suchu was increased to RMB50 million, which was fully paid up by Chuzhou Sanxun in April 2017.

REORGANIZATION

In anticipation of the Listing, we undertook a restructuring exercise whereupon our Company became the holding company of our subsidiaries.

The following chart sets forth the shareholding structure of our Group before the Reorganization:



Notes:

(1) The legal ownership of 1% of the equity interest in Lixin Sanxun was held by Mr. Lu Zhen, a then employee of our Group, as a nominee in favor of Chuzhou Sanxun.

(2) Lixin Sanxun was the legal owner of the entire equity interest in Lixin Sanxun Zhongtong, of which 40% of the equity interest therein had been held by Lixin Sanxun on trust for Anhui Zhongtong Real Estate Co., Ltd. (安徽省中通置業有限公司) since establishment. Anhui Zhongtong Real Estate Co., Ltd. is an Independent Third Party save for its shareholding in various subsidiaries of our Company.

(3) The legal ownership of 3.75% of the equity interest in Mingguang Sanxun was held by Mr. Wang Zizhong, one of our executive Directors, as a nominee in favor of Chuzhou Sanxun.

(4) Chuzhou Sanxun was the beneficial owner of the entire equity interest in Bozhou Sanxun Gongguan notwithstanding having transferred 20% of the legal ownership of its equity interest therein to a trust financing company as collateral, which was re-transferred to Chuzhou Sanxun on October 22, 2019 upon full repayment of the loan under the relevant trust financing arrangement.

(5) The remaining 30% of the equity interest in Bozhou Jiantou Sanxun was held by Bozhou Jiantou Real Estate Development Co., Ltd., an Independent Third Party save for its shareholding in Bozhou Jiantou Sanxun and Lixin Sanxun Jiantou.

(6) The remaining 30% of the equity interest in Lixin Sanxun Jiantou was held by Bozhou Jiantou Real Estate Development Co., Ltd, an Independent Third Party save for its shareholding in Bozhou Jiantou Sanxun and Lixin Sanxun Jiantou.

(7) The remaining 40% of the equity interest in Huaibei Sanxun was held by Huaibei Yufanrun Trade Co., Ltd. (淮北璵璠潤貿易有限責任公司), an Independent Third Party save for its shareholding in Huaibei Sanxun.

(8) The remaining 49% of the equity interest in Lixin Sanxun Bangtai was held by Anhui Bangtai Real Estate Co., Ltd. (安徽邦泰置業有限公司), an Independent Third Party save for its shareholding in various subsidiaries of our Company.

(9) The remaining 60% of the equity interest in Bozhou Sanxun Jinfurong was held by Anhui Jinfurong Herbal Medicine Co., Ltd. (安徽省金芙蓉中藥飲片有限公司), an Independent Third Party upon the disposal of its equity interest in Bozhou Sanxun Jinfurong to Chuzhou Sanxun as to 8% and Bozhou Chengchuang Construction Labor Co., Ltd. (亳州市誠創建築勞務有限公司) as to 52% on January 7, 2019. See "—Reorganization—Onshore Reorganization—Acquisition of minority interest in Bozhou Sanxun Jinfurong by Chuzhou Sanxun".

(10) 1% of the equity interest in Chuzhou Dinglong Real Estate Co., Ltd. (滁州鼎隆置業有限公司) ("**Chuzhou Dinglong**") was held by Mr. Lu Zhen, a then employee of our Group, as a nominee in favor of Chuzhou Sanxun.

(11) The remaining 40% of the equity interest in Chuzhou Jiarui was held by Anhui Yazhu Diamond Co., Ltd., an Independent Third Party save for its shareholding in Chuzhou Jiarui.

(12) The remaining 49% of the equity interest in Xuzhou Xunsheng was held by Xuzhou Wansheng Real Estate Co., Ltd. (徐州萬盛置業有限公司), an Independent Third Party save for its shareholding in Xuzhou Xunsheng.

Onshore Reorganization

Equity transfers from Anhui Sanxun Investment to Chuzhou Sanxun

Prior to the Reorganization, certain equity interests in Ningyang Sanxun, Chuzhou Jiarui and Xuzhou Xunsheng were held by Anhui Sanxun Investment. As part of the Reorganization, such equity interests were transferred from Anhui Sanxun Investment to Chuzhou Sanxun, details of which are set out below:

(1) On November 8, 2018, Anhui Sanxun Investment transferred the entire equity interest in Ningyang Sanxun to Chuzhou Sanxun at nil consideration after arm's length negotiations taking into account the fact that the initial registered capital had not been paid up at the time of the transfer.

(2) On November 20, 2018, Anhui Sanxun Investment transferred its 60% equity interest in Chuzhou Jiarui to Chuzhou Sanxun at a consideration of RMB30 million, which was determined after arm's length negotiations with reference to the then registered capital of Chuzhou Jiarui.

(3) On November 21, 2018, Anhui Sanxun Investment transferred its 51% equity interest in Xuzhou Xunsheng to Chuzhou Sanxun at a consideration of RMB25.5 million, which was determined after arm's length negotiations with reference to the then registered capital of Xuzhou Xunsheng.

Upon completion of the above equity transfers, Ningyang Sanxun became wholly owned by Chuzhou Sanxun, and Chuzhou Jiarui and Xuzhou Xunsheng became owned as to 60% and 51%, respectively, by Chuzhou Sanxun.

Acquisition of Minority Interest in Mingguang Sanxun by Chuzhou Sanxun

Prior to the Reorganization, Mingguang Sanxun was owned as to 96.25% by Chuzhou Sanxun and 3.75% by its nominee shareholder, Mr. Wang Zizhong. On November 21, 2018, Mr. Wang Zizhong transferred 3.75% of the equity interest in Mingguang Sanxun to Chuzhou Sanxun at nil consideration on the basis that the full amount of the registered capital of Mingguang Sanxun had been fully paid by Chuzhou Sanxun, and Mr. Wang Zizhong had held the relevant equity interest in Mingguang Sanxun as a nominee in favor of Chuzhou Sanxun. Upon completion of such acquisition, Mingguang Sanxun became a direct wholly-owned subsidiary of Chuzhou Sanxun.

Acquisition of Minority Interest in Lixin Sanxun by Chuzhou Sanxun

Prior to the Reorganization, Lixin Sanxun was owned as to 99% by Chuzhou Sanxun and 1% by its nominee shareholder, Mr. Lu Zhen. On November 9, 2018, Mr. Lu Zhen transferred 1% of the equity interest in Lixin Sanxun to Chuzhou Sanxun at nil consideration on the basis that the full amount of the registered capital of Lixin Sanxun had been paid by Chuzhou Sanxun, and Mr. Lu Zhen had held the relevant equity interest in Lixin Sanxun as a nominee in favor of Chuzhou Sanxun. Upon completion of such acquisition, Lixin Sanxun became a direct wholly-owned subsidiary of Chuzhou Sanxun.

Acquisition of Minority Interest in Bozhou Sanxun Jinfurong by Chuzhou Sanxun

Prior to the Reorganization, Bozhou Sanxun Jinfurong was owned as to 60% by Anhui Jinfurong Herbal Medicine Co., Ltd. (安徽省金芙蓉中藥飲片有限公司) and 40% by Chuzhou Sanxun. On January 7, 2019, Anhui Jinfurong Herbal Medicine Co., Ltd. transferred its 8% and 52% of the equity interest in Bozhou Sanxun Jinfurong to Chuzhou Sanxun and Bozhou Chengchuang Construction Labor Co., Ltd. (亳州市誠創建築勞務有限公司), an Independent Third Party save for its shareholding in Bozhou Sanxun Jinfurong, respectively, for a consideration of RMB4 million and RMB26 million, respectively, which was determined after arm's length negotiations between the parties with reference to the then registered capital of Bozhou Sanxun Jinfurong. Upon completion of such transfers, Bozhou Sanxun Jinfurong became owned as to 48% by Chuzhou Sanxun.

Deregistration of Chuzhou Dinglong

Chuzhou Dinglong was established on April 29, 2016 as a limited liability company in the PRC. At the time of its establishment, it was owned as to 99% by Chuzhou Sanxun and 1% by Mr. Lu Zhen. With a view to streamlining our Group for the purpose of Listing, Chuzhou Dinglong was deregistered on February 1, 2019 as part of the Reorganization as it had no business operation and did not have any material contribution to the results of operation of our Group during the Track Record Period. Upon completion of the deregistration, Chuzhou Dinglong ceased to be a subsidiary of Chuzhou Sanxun. Our Directors confirmed that Chuzhou Dinglong did not have any material claims, litigations or legal proceedings that could have a material adverse effect on our Group's financial condition from January 1, 2018, being the commencement date of the Track Record Period, to the date of its deregistration.

Incorporation of Our Company

Our Company was incorporated in the Cayman Islands on November 23, 2018 as the holding company of our Group. The initial authorized share capital of our Company was US$50,000 divided into 500,000,000 shares of US$0.0001 each. Upon incorporation, one share was allotted and issued to an initial subscriber, an Independent Third Party, and such Share was transferred to Q Kun, a company incorporated in the BVI and wholly owned by Mr. Qian, on the same day. On November 23, 2018, 83 shares, eight shares and eight shares were allotted and issued to Q Kun, Juan L and Bing L, respectively. Juan L and Bing L are companies incorporated in the BVI and wholly owned by Ms. An and Mr. Qian Bing, respectively. Upon completion of such allotments, our Company became owned as to 84% by Q Kun, 8% by Juan L and 8% by Bing L.

On June 5, 2019, the authorized share capital of our Company was redenominated from a par value of US$0.0001 per share to HK$0.00001 per Share. Upon such redenomination, 6,552 Shares, 624 Shares and 624 Shares with a par value of HK$0.00001 were allotted and issued to Q Kun, Bing L and Juan L, respectively. Immediately after such allotment and issue of Shares, our Company repurchased the existing 84 shares, eight shares and eight shares of US$0.0001 each held by Q Kun, Bing L and Juan L, respectively, being the entire number of issued shares of our Company with a par value of US$0.0001 each. Our Company then canceled all unissued shares of US$0.0001 each in the capital of our Company. Following the increase of authorized share capital and redenomination of share capital of our Company, the authorized share capital of our Company became HK$380,000 divided into 38,000,000,000 Shares of a par value of HK$0.00001 each. The shareholding percentage of each of Q Kun, Juan L and Bing L remained unchanged immediately after the redenomination of the authorized share capital of our Company.

Incorporation of Our BVI Subsidiary

On December 7, 2018, Sanxun (BVI) was incorporated in the BVI. As at the date of incorporation, it was authorized to issue 50,000 ordinary shares with a par value of US$1.00 each. Upon incorporation, one share of Sanxun (BVI) was allotted and issued to our Company and Sanxun (BVI) became a wholly-owned subsidiary of our Company.

Incorporation of Our Hong Kong Subsidiary

On December 18, 2018, Sanxun (HK) was incorporated in Hong Kong. Upon incorporation, one share of Sanxun (HK) was allotted and issued to Sanxun (BVI) and Sanxun (HK) became a wholly-owned subsidiary of our Company.

Establishment of Sanxun (Anhui) and Acquisition of 95% Equity Interest in Chuzhou Sanxun

On March 28, 2019, Sanxun (Anhui) was established in the PRC as a wholly foreign-owned enterprise with an initial registered capital of RMB10 million. Upon its establishment, Sanxun (Anhui) was wholly owned by Sanxun (HK).

On June 21, 2019, Sanxun (Anhui) acquired 95% of the equity interest in Chuzhou Sanxun from Anhui Sanxun Investment for a consideration of RMB200 million, which was determined with reference to the registered capital of Chuzhou Sanxun at the time of such acquisition and was fully settled on August 30, 2019. Upon completion of such acquisition, Chuzhou Sanxun became owned as to 95% by Sanxun (Anhui) and 5% by Zhong Ying.

Allotment of New Shares and the Acquisition of Tongxun

On August 6, 2019, our Company further allotted and issued 1,428 Shares, 136 Shares and 136 Shares to Q Kun, Juan L and Bing L, respectively. On the same date, Jiuxun Limited ("**Jiuxun**") transferred the entire issued share capital of Tongxun to our Company in exchange for the allotment and issue of 500 Shares by our Company to Jiuxun. Upon completion of the above allotments, our Company became held as to 79.8% by Q Kun, 7.6% by Juan L, 7.6% by Bing L and 5.0% by Jiuxun.

As advised by our PRC Legal Advisor, all the equity transfers, acquisitions, disposals and deregistrations as described in "History and Development—Our Corporate Development" and "Reorganization" in this section have been approved by and/or registered with the relevant PRC government authorities and were properly and legally completed and settled in each case in accordance with the relevant PRC laws, rules and regulations.

PRE-IPO INVESTMENT

Pursuant to a capital injection agreement dated May 28, 2019 entered into between Zhong Ying and Anhui Sanxun Investment, Zhong Ying agreed to inject approximately RMB26.9 million into Chuzhou Sanxun (of which approximately RMB10.5 million was contributed to the registered capital of Chuzhou Sanxun and the remainder to its capital reserve). The increase in registered capital was registered on June 10, 2019 and Zhong Ying became a shareholder of Chuzhou Sanxun on the same day. The injection of the additional capital was completed on August 5, 2019. Zhong Ying is a limited company incorporated in Hong Kong and wholly owned by Tongxun. At the time of such capital injection, Tongxun was wholly owned by Jiuxun, a company incorporated in the BVI, which in turn was wholly owned by Ms. Guo. Upon completion of such capital injection, Zhong Ying became interested in 5% of the equity interest in Chuzhou Sanxun. On August 6, 2019, as part of the Reorganization, Jiuxun transferred all its issued shares in Tongxun to our Company in exchange for the allotment and issue of 500 Shares to Jiuxun. Details of the above investment by Jiuxun (the "**Pre-IPO Investment**") are set forth below:

Name of the investor:	Jiuxun
Amount of cash consideration paid:	Approximately RMB26.9 million
Date of settlement of the consideration:	August 5, 2019
Cost per Share[(1)]:	HK$1.31
Discount to mid-point of the indicative Offer Price range:	69.2%
Use of proceeds:	As of the Latest Practicable Date, the proceeds from the Pre-IPO Investment had been fully utilized. Such proceeds were applied by our Group for payment to contractors and suppliers and payment of listing expenses.
Shareholding in our Company immediately after the Pre-IPO Investment:	5%
Shareholding in our Company immediately after the Global Offering[(2)]:	3.75%

Strategic benefits to our Company:	Our Directors are of the view that our Group can benefit from the Pre-IPO Investment as it demonstrates the pre-IPO investor's confidence in the operations of our Group and serves as an endorsement of our Group's performance, strength and prospects, which can assist us in broadening our shareholder base. In addition, Ms. Guo's positioning as a strategic investor of our Company, coupled with her extensive investment experience and network, will add value to the profile of our Company.
Special rights:	Neither of Jiuxun nor Ms. Guo is entitled to any special rights under the Pre-IPO Investment.

Notes:

1. Being the cost of the Pre-IPO Investment per Share held by Jiuxun immediately after the Capitalization Issue.

2. Assuming that the Over-allotment Option is not exercised.

The consideration for the Pre-IPO Investment was determined after arm's length negotiations having considered the financial position and net asset value of Chuzhou Sanxun and with reference to an independent valuation of the entire equity interest of Chuzhou Sanxun of RMB511.6 million as at October 31, 2018 prepared by an independent valuer using the market approach. Other factors were taken into account in the determination of the consideration including but not limited to: (i) the time between the making of of the Pre-IPO Investment and the Global Offering; (ii) the investment risk assumed by the Pre-IPO Investor in investing in an unlisted company including the uncertainty of the completion of the Global Offering and Listing; (iii) the strategic benefits which would be brought by Ms. Guo to our Group as detailed in "—Information regarding Jiuxun and Ms. Guo" in this section below; and (iv) the six-month lock-up restriction undertaken by Jiuxun commencing on the Listing Date. Given the Pre-IPO Investment was considered a long term investment, the expected market capitalization of our Group upon successful Listing was not factored into the determination of the consideration.

Given the above, the implied valuation of our Group was approximately RMB538.5 million at the time of the Pre-IPO Investment. With the indicative Offer Price range of HK$3.30 to HK$5.20 per Offer Share, the expected market capitalization of our Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised) is between HK$2,178 million and HK$3,432 million.

Information Regarding Jiuxun and Ms. Guo

Jiuxun is an investment holding company incorporated in the BVI and is wholly owned by Ms. Guo. Ms. Guo and Mr. Qian first became acquainted with each other at a business event approximately three years ago. In or around early 2019, Mr. Qian and Ms. Guo started to discuss investment opportunities in our Group, which led to Ms. Guo's investment in our Group as described above. Ms. Guo's family runs a property development company listed on the Stock Exchange with 18 property projects under development in different cities in the PRC, including Shanghai, Fuzhou, and Xian, as of December 31, 2020 and through her family's business, she has gained insight and experience in the real estate industry and the Hong Kong capital market in general. With her background, our Directors believe Ms. Guo may help us in our business development and provide strategic advice to our Group, enabling our Group to benefit from gaining insight from her when considering our expansion plan in the future after Listing. Other than the shareholding in our Group, Jiuxun and Ms. Guo are independent from our Group.

Lock-up and Public Float

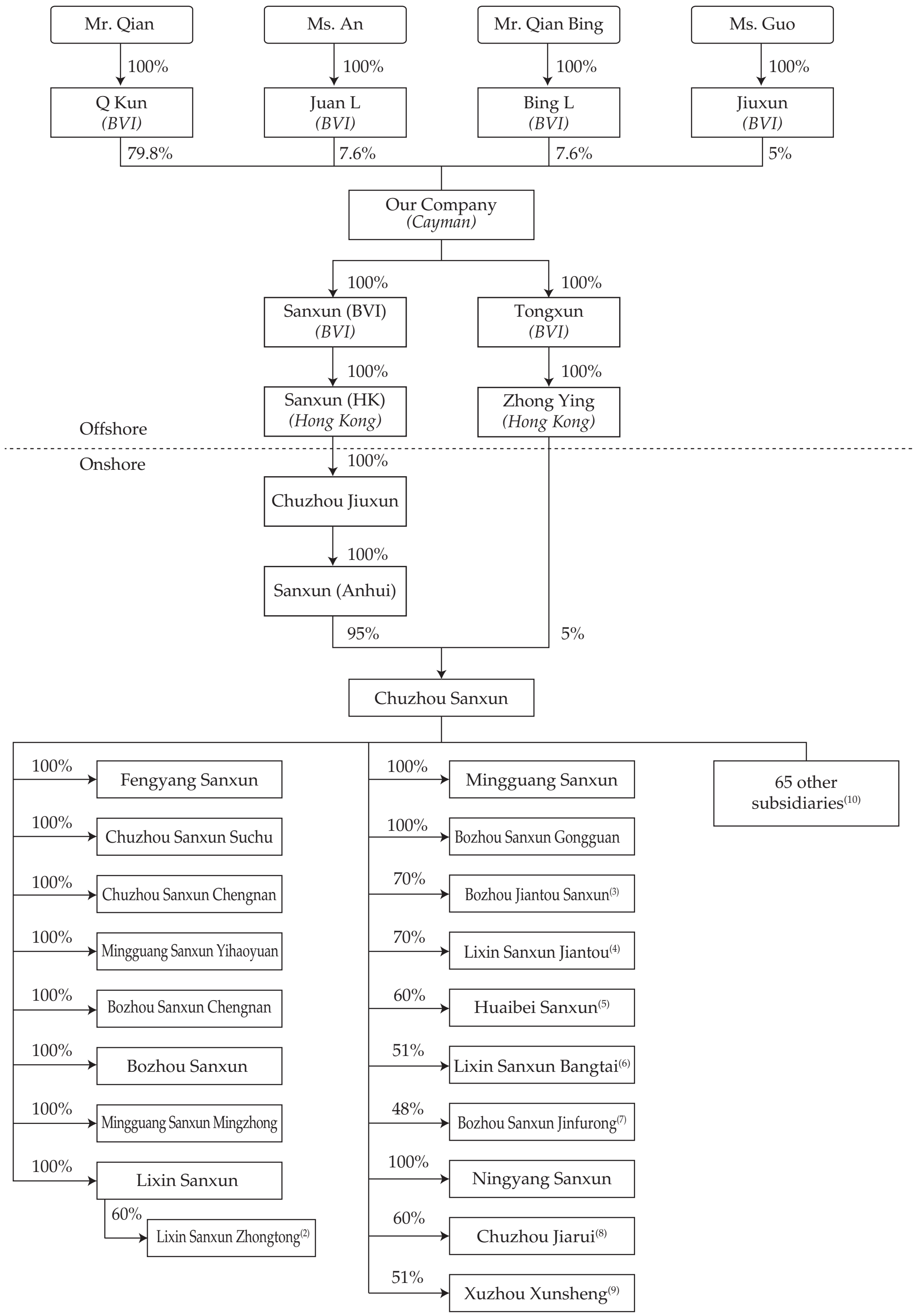
The Shares held by Jiuxun will be subject to lock-up for a period of six months after Listing. As neither Jiuxun nor Ms. Guo is a core connected person of our Company, Shares held by Jiuxun will be counted towards the public float upon Listing.

Compliance with Interim Guidance

The Sole Sponsor has confirmed that the terms of the Pre-IPO Investment by Jiuxun are in compliance with (i) the Guidance Letter HKEx-GL-29-12 issued by the Stock Exchange in January 2012 and as updated in March 2017; and (ii) the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017.

CORPORATE STRUCTURE AFTER THE REORGANIZATION AND IMMEDIATELY BEFORE COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth the shareholding structure of our Group after the Reorganization and immediately before the completion of the Global Offering:



Notes:

(1) Sanxun (HK) established 滁州久巽企業管理有限公司 (Chuzhou Jiuxun Enterprise Management Co., Ltd.) ("**Chuzhou Jiuxun**") on October 12, 2020 for the purpose of advancing the business development of our Group. Since its establishment, Chuzhou Jiuxun Enterprise Management Co., Ltd. has been wholly owned by Sanxun (HK). On February 20, 2021, Chuzhou Jiuxun acquired the entire equity interest in Sanxun (Anhui) from Sanxun (HK) at nil consideration as the registered capital of Sanxun (Anhui) had yet to be paid up at the time of such transfer.

(2) Lixin Sanxun was the legal owner of the entire equity interest in Lixin Sanxun Zhongtong, of which 40% of the equity interest therein had been held since establishment by Lixin Sanxun on trust for Anhui Zhongtong Real Estate Co., Ltd. Anhui Zhongtong Real Estate Co., Ltd. is an Independent Third Party save for its shareholding in various subsidiaries of our Company.

(3) The remaining 30% of the equity interest in Bozhou Jiantou Sanxun was held by Bozhou Jiantou Real Estate Development Co., Ltd., an Independent Third Party save for its shareholding in Bozhou Jiantou Sanxun and Lixin Sanxun Jiantou.

(4) The remaining 30% of the equity interest in Lixin Sanxun Jiantou was held by Bozhou Jiantou Real Estate Development Co., Ltd, an Independent Third Party save for its shareholding in Bozhou Jiantou Sanxun and Lixin Sanxun Jiantou.

(5) The remaining 40% of the equity interest in Huaibei Sanxun was held by Huaibei Yufanrun Trade Co., Ltd., an Independent Third Party save for its shareholding in Huaibei Sanxun.

(6) The remaining 49% of the equity interest in Lixin Sanxun Bangtai was held by Anhui Bangtai Real Estate Co., Ltd., an Independent Third Party save for its shareholding in various subsidiaries of our Company.

(7) The remaining 52% of the equity interest in Bozhou Sanxun Jinfurong was held by Bozhou Chengchuang Construction Labor Co., Ltd., an Independent Third Party save for its shareholding in Bozhou Sanxun Jinfurong. Notwithstanding the shareholding of our Group in Bozhou Sanxun Jinfurong is less than 50%, Bozhou Sanxun Jinfurong is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

(8) The remaining 40% of the equity interest in Chuzhou Jiarui was held by Anhui Yazhu Diamond Co., Ltd., an Independent Third Party save for its shareholding in Chuzhou Jiarui.

(9) The remaining 49% of the equity interest in Xuzhou Xunsheng was held by Xuzhou Wansheng Real Estate Co., Ltd., an Independent Third Party save for its shareholding in Xuzhou Xunsheng.

(10) These 65 subsidiaries have been established/acquired since December 2018, not as part of the Reorganization but in the ordinary course of business of our Group for the purposes of engaging in new property development projects and advancing the business development of our Group:

	Name of subsidiaries	Percentage of equity interests attributable to our Company
1.	合肥玖叁置業有限公司 (Hefei Jiusan Real Estate Co., Ltd.) ("**Hefei Jiusan**")	30%[(a)]
2.	合肥三巽置業有限公司 (Hefei Sanxun Real Estate Co., Ltd.) ("**Hefei Sanxun**")	60%[(b)]
3.	合肥同巽置業有限公司 (Hefei Tongxun Real Estate Co., Ltd.)	100%
4.	合肥久巽置業有限公司 (Hefei Jiuxun Real Estate Co., Ltd.)	100%
5.	合肥澤巽置業有限公司 (Hefei Zexun Real Estate Co., Ltd.)	100%
6.	合肥加澤置業有限公司 (Hefei Jiaze Real Estate Co., Ltd.)	100%
7.	淮南三巽置業有限公司 (Huainan Sanxun Real Estate Co., Ltd.)	100%
8.	滁州加澤置業有限公司 (Chuzhou Jiaze Real Estate Co., Ltd.)	100%
9.	滁州巽澤置業有限公司 (Chuzhou Xunze Real Estate Co., Ltd.) ("**Chuzhou Xunze**")	100%[(c)]
10.	滁州錦巽置業有限公司 (Chuzhou Jinxun Real Estate Co., Ltd.)	100%

	Name of subsidiaries	Percentage of equity interests attributable to our Company
11.	南京久巽置業有限公司 (Nanjing Jiuxun Real Estate Co., Ltd.) ("**Nanjing Jiuxun**")	51%[(d)]
12.	南京三巽置業有限公司 (Nanjing Sanxun Real Estate Co., Ltd.)	100%
13.	亳州久巽置業有限公司 (Bozhou Jiuxun Real Estate Co., Ltd.)	100%
14.	亳州乾巽置業有限公司 (Bozhou Qianxun Real Estate Co., Ltd.) ("**Bozhou Qianxun**")	100%[(e)]
15.	上海同巽置業有限公司 (Shanghai Tongxun Real Estate Co., Ltd.)	100%
16.	宿州三巽置業有限公司 (Suzhou Sanxun Real Estate Co., Ltd.) ("**Suzhou Sanxun**")	30%[(f)]
17.	宿州三巽國建置業有限公司 (Suzhou Sanxun Guojian Real Estate Co., Ltd.)	100%
18.	利辛縣三巽中通南城置業有限公司 (Lixin Sanxun Zhongtong Nancheng Real Estate Co., Ltd.) ("**Lixin Sanxun Zhongtong Nancheng**")	55%[(g)]
19.	太湖三巽置業有限公司 (Taihu Sanxun Real Estate Co., Ltd.) ("**Taihu Sanxun**")	30%[(h)]
20.	合肥錦巽置業有限公司 (Hefei Jinxun Real Estate Co., Ltd.)	100%
21.	壽縣京僑置業有限公司 (Shouxian Jingqiao Real Estate Co., Ltd.) ("**Shouxian Jingqiao**")	35%[(i)]
22.	阜陽上郡房地產有限公司 (Fuyang Shangjun Properties Co., Ltd.) ("**Fuyang Shangjun**")	34%[(j)]
23.	濟南三巽置業有限公司 (Jinan Sanxun Real Estate Co., Ltd.)	100%
24.	南京加澤置業有限公司 (Nanjing Jiaze Real Estate Co., Ltd.) ("**Nanjing Jiaze**")	100%
25.	南京騰巽置業有限公司 (Nanjing Tengxun Real Estate Co., Ltd.)	100%
26.	渦陽縣泰巽置業有限公司 (Guoyang Taixun Real Estate Co., Ltd.) ("**Guoyang Taixun**")	30%[(k)]
27.	亳州合巽置業有限公司 (Bozhou Hexun Real Estate Co., Ltd.)	100%
28.	合肥億巽置業有限公司 (Hefei Yixun Real Estate Co., Ltd.)	100%
29.	亳州榮巽置業有限公司 (Bozhou Rongxun Real Estate Co., Ltd.) ("**Bozhou Rongxun**")	70%[(l)]
30.	亳州恒巽置業有限公司 (Bozhou Hengxun Real Estate Co., Ltd.)	100%
31.	滁州恒巽置業有限公司 (Chuzhou Hengxun Real Estate Co., Ltd.) ("**Chuzhou Hengxun**")	100%
32.	滁州久巽置業有限公司 (Chuzhou Jiuxun Real Estate Co., Ltd.)	100%
33.	滁州榮巽置業有限公司 (Chuzhou Rongxun Real Estate Co., Ltd.) ("**Chuzhou Rongxun**")	100%
34.	滁州騰巽置業有限公司 (Chuzhou Tengxun Real Estate Co., Ltd.) ("**Chuzhou Tengxun**")	90%[(m)]
35.	合肥誠巽置業有限公司 (Hefei Chengxun Real Estate Co., Ltd.)	100%
36.	南京弘巽房地產開發有限公司 (Nanjing Hongxun Properties Development Co., Ltd.) ("**Nanjing Hongxun**")	30%[(n)]
37.	濟南合巽置業有限公司 (Jinan Hexun Real Estate Co., Ltd.)	100%
38.	濟南久巽置業有限公司 (Jinan Jiuxun Real Estate Co., Ltd.)	100%
39.	濟南乾巽置業有限公司 (Jinan Qianxun Real Estate Co., Ltd.)	100%
40.	巢湖市世巽置業有限公司 (Chaohu Shixun Real Estate Co., Ltd.) ("**Chaohu Shixun**")	60%[(o)]
41.	安徽弘巽置業有限公司 (Anhui Hongxun Real Estate Co., Ltd.) ("**Anhui Hongxun**")	47%[(p)]
42.	利辛縣泰巽置業有限公司 (Lixin Taixun Real Estate Co., Ltd.) ("**Lixin Taixun**")	34%[(q)]
43.	南京淳巽置業有限公司 (Nanjing Chunxun Real Estate Co., Ltd.) ("**Nanjing Chunxun**")	100%
44.	南京溪巽置業有限公司 (Nanjing Xixun Real Estate Co., Ltd.) ("**Nanjing Xixun**")	100%
45.	上海久巽企業管理咨詢有限公司 (Shanghai Jiuxun Enterprise Management Consulting Co., Ltd.)	100%
46.	靈璧三巽置業有限公司 (Lingbi Sanxun Real Estate Co., Ltd.) ("**Lingbi Sanxun**")	80%[(r)]
47.	鄒城中鈺房地產有限公司 (Zoucheng Zhongyu Properties Co., Ltd.) ("**Zoucheng Zhongyu**")	51%[(s)]

	Name of subsidiaries	Percentage of equity interests attributable to our Company
48.	懷遠縣同巽置業有限公司 (Huaiyuan Tongxun Real Estate Co., Ltd.) ("**Huaiyuan Tongxun**")	87%(t)
49.	上海三巽置業有限公司 (Shanghai Sanxun Real Estate Co., Ltd.)	100%
50.	懷遠巽桂置業有限公司 (Huaiyuan Xungui Real Estate Co., Ltd.)	100%
51.	懷遠巽森置業有限公司 (Huaiyuan Xunsen Real Estate Co., Ltd.)	100%
52.	懷遠巽茂置業有限公司 (Huaiyuan Xunmao Real Estate Co., Ltd.)	100%
53.	廣德晟發房地產開發有限公司 (Guangde Shengfa Real Estate Development Co., Ltd. ("**Guangde Shengfa**")	27%(u)
54.	上海溪巽建材貿易有限公司 (Shanghai Xixun Building Material Trading Co., Ltd)	100%
55.	上海震盛營銷策劃有限公司 (Shanghai Zhensheng Marketing and Planning Co., Ltd)	100%
56.	亳州堯巽企業管理諮詢有限公司 (Bozhou Yaoxun Enterprise Management Consulting Co., Ltd.)	100%
57.	江陰市澄潤置業有限公司 (Jiangyin Chengrun Real Estate Co., Ltd.) ("**Jiangyin Chengrun**")	30.6%(v)
58.	江陰市旭潤置業有限公司 (Jiangyin Xurun Real Estate Co., Ltd.) ("**Jiangyin Xurun**")	30.6%(w)
59.	江陰梁晟置業有限公司 (Jiangyin Liangsheng Real Estate Co., Ltd.) ("**Jiangyin Liangsheng**")	51%(x)
60.	錦巽(上海)企業管理有限公司 (Jinxun (Shanghai) Enterprise Management Co., Ltd.)	100%
61.	上海威巽建材貿易有限公司 (Shanghai Weixun Building Material Trading Co., Ltd.)	100%
62.	上海榮巽建材貿易有限公司 (Shanghai Rongxun Building Material Trading Co., Ltd.)	100%
63.	無錫巽億置業有限公司 (Wuxi Xunyi Real Estate Co., Ltd.)	100%
64.	亳州巽晟置業有限公司 (Bozhou Xunsheng Real Estate Co., Ltd.) ("**Bozhou Xunsheng**")	35%(y)
65.	滁州鑫興置業有限公司 (Chuzhou Xinxing Real Estate Co., Ltd.) ("**Chuzhou Xinxing**")	34%(z)

(a) The remaining 70% of the equity interest in Hefei Jiusan was held as to 36% by Anhui Liangxu Real Estate Co., Ltd. (安徽梁旭置業有限公司), an Independent Third Party save for its shareholding in Hefei Jiusan, and 34% by Anhui Honglan Real Estate Development Co., Ltd. (安徽弘嵐房地產開發有限公司), a substantial shareholder of several subsidiaries of our Company. Notwithstanding the shareholding of our Group in Hefei Jiusan is less than 50%, Hefei Jiusan is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

(b) The remaining 40% of the equity interest in Hefei Sanxun was held by Anhui Honglan Real Estate Development Co., Ltd..

(c) Chuzhou Sanxun is the beneficial owner of the entire equity interest of Chuzhou Xunze, notwithstanding it having transferred the legal title of 90% of the equity interest in Chuzhou Xunze to a trust financing company as collateral.

(d) The remaining 49% of the equity interest in Nanjing Jiuxun was held by Chuzhou Tongxun Real Estate Co., Ltd. (滁州同巽置業有限公司), an Independent Third Party save for its shareholding in Nanjing Jiuxun.

(e) Chuzhou Sanxun is the beneficial owner of the entire equity interest of Bozhou Qianxun, notwithstanding it having transferred the legal title of 49% of the equity interest in Bozhou Qianxun to a trust financing company as collateral.

(f) The remaining 70% of the equity interest in Suzhou Sanxun was held as to 49% by Anhui Honghai Property Development Co., Ltd (安徽省宏海房地產開發有限公司), 15% by Anhui Zhongtong Real Estate Co., Ltd. and 6% by An Guorong (安國榮). Each of Anhui Honghai Property Development Co., Ltd. and An Guorong is an Independent Third Party save for its shareholding in Suzhou Sanxun. Notwithstanding the shareholding of our Group in Suzhou Sanxun is less than 50%, Suzhou Sanxun is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

(g) Lixin Sanxun was the legal owner of the entire equity interest in Lixin Sanxun Zhongtong Nancheng, of which 45% of the equity interest therein had been held by Lixin Sanxun in its capacity as the nominated shareholder representative on trust for Anhui Zhongtong Real Estate Co., Ltd.

(h) Chuzhou Sanxun was the legal owner of the entire equity interest Taihu Sanxun, of which 49% and 21% of the equity interest therein had been held by Chuzhou Sanxun in its capacity as the nominated shareholder representative on trust for Huaining Xingan Real Estate Development Co., Ltd. (懷寧縣興安房地產開發有限公司) and Wang Zhuxiu (汪竹秀), each an Independent Third Party save for their respective shareholding in Taihu Sanxun. Notwithstanding the shareholding of our Group in Taihu Sanxun is less than 50%, Taihu Sanxun is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

(i) The remaining 65% of the equity interest in Shouxian Jingqiao was held as to 32.5% by Hefei Jiaqiao Real Estate Co., Ltd. (合肥加僑置業有限公司) and 32.5% by Anhui Jingguan Real Estate Development Co., Ltd. (安徽京冠房地產開發有限公司), each an Independent Third Party save for their respective shareholding in Shouxian Jingqiao. Notwithstanding the shareholding of our Group in Shouxian Jingqiao is less than 50%, Shouxian Jingqiao is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

(j) The remaining 66% of the equity interest in Fuyang Shangjun was held as to approximately 22.9% by Anhui Hailiang Real Estate Development Co., Ltd. (安徽海亮房地產有限公司), 15% by Anhui Zhongtong Real Estate Co., Ltd., 15% by Fuyang Chenghao Enterprise Management Consulting Co., Ltd. (阜陽晟灝企業管理諮詢有限公司), 10% by Anhui Ruby Trading Co., Ltd. (安徽紅鑽貿易有限公司) and 3.1% by Shanghai Hegang Real Estate Development Co., Ltd. (上海和罡房地產開發有限公司). Save for Anhui Zhongtong Real Estate Co., Ltd., each of the abovementioned shareholders is an Independent Third Party save for their respective shareholdings in Fuyang Sangjun. Notwithstanding the shareholding of our Group in Fuyang Shangjun is less than 50%, Fuyang Shangjun is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

(k) The remaining 70% of the equity interest in Guoyang Taixun was held by Anhui Bangtai Real Estate Co., Ltd. Notwithstanding the shareholding of our Group in Guoyang Taixun is less than 50%, Guoyang Taixun is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

(l) The remaining 30% of the equity interest in Bozhou Rongxun was held by Shanghai Ruixin Property Development Co., Ltd. (上海睿信房地產開發有限公司), an Independent Third Party save for its shareholding in Bozhou Rongxun.

(m) The remaining 10% of the equity interest in Chuzhou Tengxun was held by Nantong Zhenlong Building Material Trading Co., Ltd. (南通震隆建材貿易有限公司), an Independent Third Party save for its interest in Chuzhou Tengxun.

(n) The remaining 70% of the equity interest in Nanjing Hongxun was held by Nanjing Hongyang Ruishang Real Estate Development Co., Ltd. (南京弘陽瑞尚房地產開發有限公司), an Independent Third Party save for its shareholding in Nanjing Hongxun. Notwithstanding the shareholding of our Group in Nanjing Hongxun is less than 50%, Nanjing Hongxun is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

(o) The remaining 40% of the equity interest in Chaohu Shixun was held by Wuhan Shihe Yingye Operation Management Co., Ltd (武漢世和盈業經營管理有限公司), an Independent Third Party save for its shareholding in Chaohu Shixun.

(p) The remaining 53% of the equity interest in Anhui Hongxun was held as by Anhui Honglan Real Estate Development Co., Ltd. Notwithstanding the shareholding of our Group in Anhui Hongxun is less than 50%, Anhui Hongxun is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

(q) The remaining 66% of the equity interest in Lixin Taixun was held by Anhui Bangtai Real Estate Co., Ltd. Notwithstanding the shareholding of our Group in Lixin Taixun is less than 50%, Lixin Taixun is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

(r) Chuzhou Sanxun was the legal owner of the entire equity interest in Lingbi Sanxun, of which 20% of the equity interest therein had been held by Chuzhou Sanxun in its capacity as the nominated shareholder representative on trust for Shanghai Aijia Real Estate Group Co., Ltd. (上海愛家置業集團有限公司), an Independent Third Party save for its interest in Lingbi Sanxun.

(s) The remaining 49% of the equity interest in Zoucheng Zhongyu was held by Xinsu Commercial (Pizhou) Co., Ltd. (新蘇商業(邳州)有限公司), an Independent Third Party save for its shareholding in Zoucheng Zhongyu.

(t) The remaining 13% of the equity interest in Huaiyuan Tongxun was held by Anhui Province Senmao Real Estate Co., Ltd. (安徽省森茂置業有限公司), an Independent Third Party save for its shareholding in Huaiyuan Tongxun.

(u) The remaining 73% of the equity interest in Guangde Shengfa was held as to 26% by Guangdong Faneng Real Estate Co., Ltd. (廣東發能房地產有限公司), 25% by Guangde Haojing Property Service Co., Ltd. (廣德豪景物業服務有限公司) and 22% by Hangzhou Zhongyuan Real Estate Co., Ltd. (杭州眾遠置業有限公司), each an Independent Third Party save for their respective shareholding in Guangde Shengfa. Notwithstanding the shareholding of our Group in is less than 50%, Guangde Shengfa is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

(v) The remaining 66% of the equity interest in Jiangyin Chengrun was held as to 33% by Nantong Decheng Real Estate Co., Ltd. (南通德誠房地產有限公司), a substantial shareholder of certain subsidiaries of our Company, and 33% by Suzhou Liangsong Real Estate Co., Ltd. (蘇州市梁頌置業有限公司), an Independent Third Party save for its shareholding in Jiangyin Chengrun. Notwithstanding the shareholding of our Group in Jiangyin Chengrun is less than 50%, Jiangyun Chengrun is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

(w) The remaining 66% of the equity interest in Jiangyin Xurun was held as to 33% by Nantong Decheng Real Estate Co., Ltd. and 33% by Shanghai Liangxu Real Estate Co., Ltd. (上海梁旭置業有限公司), an Independent Third Party save for its shareholding in Jiangyun Xurun. Notwithstanding the shareholding of our Group in Jiangyin Xurun is less than 50%, Jiangyun Xurun is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

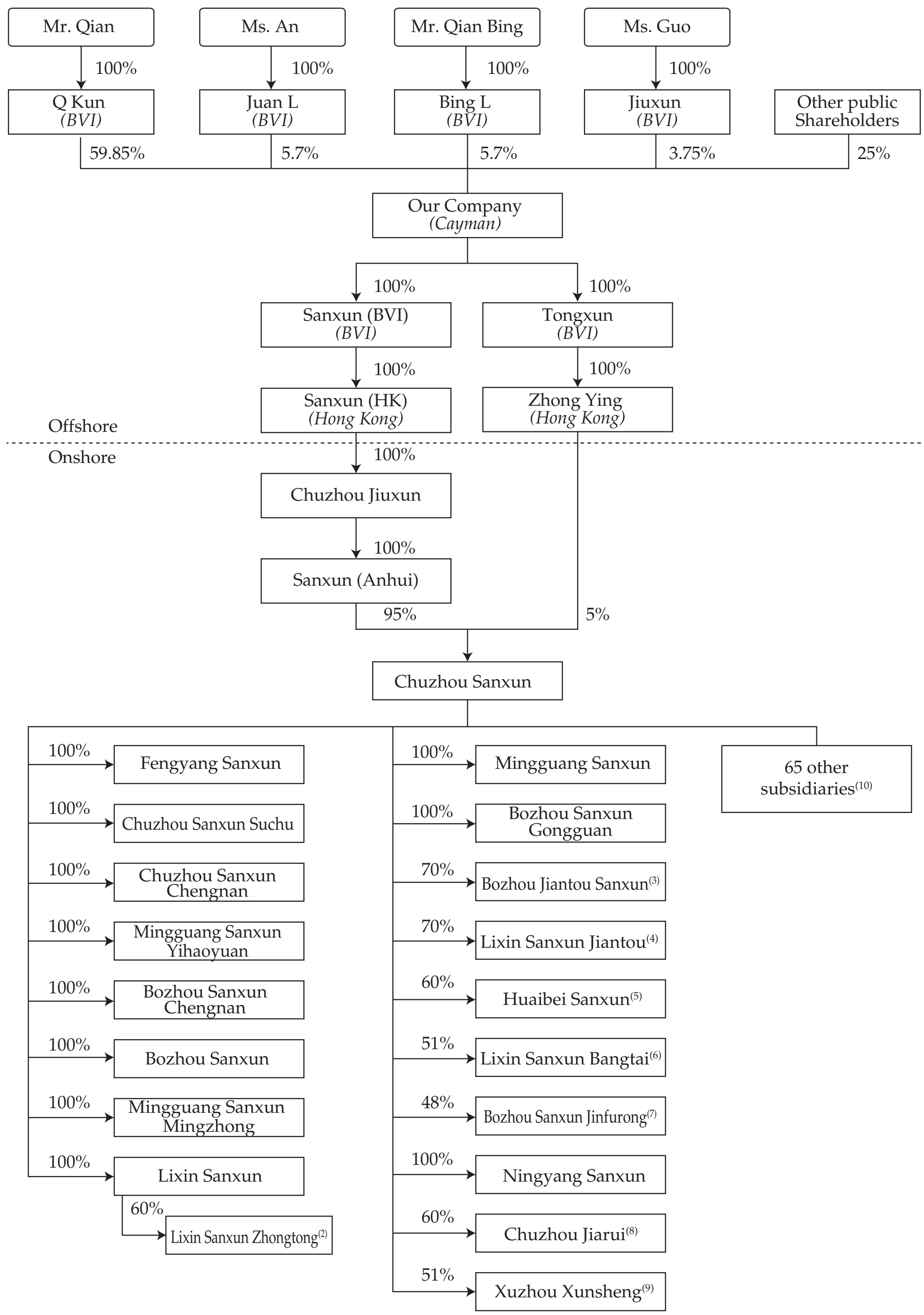
(x) The remaining 49% of the equity interest in Jiangyin Liangsheng was held by Nanjing Liangcai Real Estate Co., Ltd. (南京梁財置業有限公司), an Independent Third Party save for its shareholding in Jiangyin Liangsheng.

(y) The remaining 50% of the equity interest in Bozhou Xunsheng was held by Anhui Yusheng Real Estate Co., Ltd. (安徽昱晟置業有限公司), an Independent Third Party save for its shareholding in Bozhou Xunsheng. Notwithstanding the shareholding of our Group in Bozhou Xunsheng is not more than 50%, Bozhou Xunsheng is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

(z) The remaining 66% of the equity interest in Chuzhou Xinxing was held as to 33% by Quanjiao Guoxing Real Estate Co., Ltd. (全椒國興置業有限公司) and 33% by Jiangsu Shengrui Real Estate Co., Ltd. (江蘇聖瑞房地產置業有限公司), each an Independent Third Party. Notwithstanding the shareholding of our Group in Chuzhou Xinxing is less than 50%, Chuzhou Xinxing is accounted for as a subsidiary of our Company. It is because our Group has the power to control over 50% of its voting rights, and in addition through our rights to direct its activities, has rights to variable returns from it and the ability to affect such returns.

CORPORATE STRUCTURE UPON COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth the shareholding structure of our Group immediately after the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercised of any options which may be granted under the Share Option Scheme):



Note: Please refer to the notes under "—Corporate Structure after the Reorganization and Immediately before Completion of the Global Offering" in this section above.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisor is of the view that all material approvals in relation to the steps of the Reorganization in the PRC as described above have been obtained and the procedures involved have been carried out in accordance with the PRC laws and regulations.

As of the Latest Practicable Date, 63 of its 87 our onshore subsidiaries had not paid up or fully paid up their registered capital, which amounted to approximately RMB2,653.9 million in aggregate. Pursuant to the articles of association of the respective subsidiaries, (i) approximately RMB310 million of which is to be paid up in the next five years ending on December 31, 2025; (ii) approximately RMB531.3 million of which is to be paid up after the next five years but within the next ten years ending on December 31, 2030; and (iii) the remainder of approximately RMB1,812.6 million is to be paid up after the next ten years. Based on the advice of our PRC Legal Advisor, our Company confirms that where the registered capital for a subsidiary had become due pursuant to such subsidiary's articles of association, we have been in compliance with the requirements under the applicable PRC laws and regulations to pay up the necessary registered capital during the Track Record Period.

The Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors in the PRC

According to the "Provisions Regarding Mergers and Acquisitions of Domestics Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") jointly issued by the MOFCOM, the SASAC, the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006 and effective as of September 8, 2006 and amended in June 2009, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition shall be subject to the examination and approval of the MOFCOM, and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company by paying the acquisition price with equity interests, the overseas listing of that special purpose company shall be subject to approval by the CSRC.

As advised by our PRC Legal Advisor, pursuant to the relevant provisions of Interim Administrative Measures for the Filing of the Incorporation and Change of Foreign-invested Enterprises (the "**Circular No. 3**"), where a non-foreign-invested enterprise changes into a foreign-invested enterprise which does not involve the implementation of special access administrative measures prescribed by the state, it shall file and submit the filing information on the incorporation of foreign-invested enterprises simultaneously while going through the registration procedures for incorporation with the competent administrations for industry and commerce and market supervision. Chuzhou Sanxun has obtained the record-filing receipt for the incorporation of foreign-invested enterprises (外商投資企業設立備案回執) and the new business license for the 5% capital increase in Chuzhou Sanxun ("**the First Capital Increase**") according to the Circular No. 3 in June 2019.

Upon the completion of the First Capital Increase, Chuzhou Sanxun became a foreign-invested enterprise. For the acquisition of 95% equity interests of Chuzhou Sanxun by Sanxun (Anhui) ("**the Second Acquisition**"), as advised by our PRC Legal Advisers, the Second Acquisition, which happened after Chuzhou Sanxun was converted into a foreign-invested enterprise, was deemed as having caused changes in shareholders due to the acquisition of equity interests of a foreign-invested enterprise. The M&A Rules do not apply to equity transfers of an established foreign-invested enterprise by the domestic party to to foreign parties. Therefore, the M&A Rules are not applicable to the Second Acquisition. Instead, the Second Acquisition shall comply with the Provisions on the Changes in Equity Interest of Investors in Foreign Invested Enterprises (《外商投資企業投資者股權變更的若干規定》) and the Circular No. 3. Chuzhou Sanxun has obtained the record-filing receipt for registration of changes in foreign-invested enterprises and the new business license in June 2019.

Our PRC Legal Advisor confirmed that the equity transfers and increases in registered capital in respect of the PRC companies of our Group as described above have obtained all necessary governmental approvals and permits and the procedures involved are in accordance with the relevant laws and regulations. Our PRC Legal Advisor also confirmed that we have obtained all necessary approvals from the relevant PRC regulatory authorities required for the implementation of the Reorganization.

SAFE Registration in the PRC

Pursuant to the Circular on the Administration of Foreign Exchange Involved in the Investment and Financing and Round-trip Investment Conducted by PRC Residents via Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("**SAFE Circular No. 37**") issued by SAFE on July 4, 2014, where the PRC individual residents conduct investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments. SAFE Circular No. 37 also requires the PRC residents to file changes to their registration where their offshore special purpose vehicles undergo material events such as the change of basic information including PRC residence, name and operation period, as well as capital increase or decrease, share transfer or exchange, merger or division.

As advised by our PRC Legal Advisor, Mr. Qian, Ms. An and Mr. Qian Bing have completed the registration in February 2019 according to SAFE Circular No. 37.

OVERVIEW

We are a fast-growing real estate developer in the PRC focusing on the development and sales of residential properties. Headquartered in Shanghai and deeply rooted in Anhui Province, we have established our presence in the Yangtze River Delta. Since the establishment of our predecessor, Anhui Sanxun Investment, in 2004, we have been strategically focusing on the real estate market in Anhui Province, and expanded our operation from core prefecture-level cities to county-level cities in the province. We have also successfully expanded into the real estate markets of Shandong and Jiangsu provinces recently. In 2020, we were also honored as one of the 2020 China Real Estate Enterprises with Most Potential Value (2020年中國最具潛力價值房企) by Leju Holdings Ltd. (樂居財經研究院). As of April 30, 2021, our Group and its associate had a total of 44 projects at various stages of development, covering 12 cities in three provinces with an aggregate land bank of 4.3 million sq.m., composed of completed GFA of completed properties of 0.24 million sq.m., GFA of properties under development of 3.45 million sq.m. and GFA of properties held for future development of 0.61 million sq.m., respectively. As of the same date, our GFA of properties held for future development accounted for 14.2% of our total land bank.

We achieved rapid growth during the Track Record Period. Our revenue increased from RMB723.9 million in 2018 to RMB3,108.7 million in 2019, and further to RMB3,946.1 million in 2020, representing a CAGR of approximately 76.0%. Our land bank increased from 3.9 million sq.m. as of December 31, 2018 to 4.3 million sq.m. as of April 30, 2021. According to EH Consulting (億翰智庫), we ascended to No. 71 in 2020 from No. 82 in 2019 among the Top 100 Real Estate Developers in the PRC in terms of brand value. Additionally, our ranking was improved to No. 85 in 2019 from No. 91 in 2018 based on comprehensive performance.

Adhering to the development philosophy of "Creating a Happy Life (創造幸福生活)," we have developed different product lines, including "New Chinese (新中式)" and "College Style (學院風)", distinguished primarily by exterior designs. Each product line offers diversified products catering to the needs of different customer bases, including first-time homebuyers (剛需型), first-time home upgraders (剛改型) and optional home upgraders (改善型). We also refine our product lines continuously as customer demands evolve. In addition, we aim to provide quality living experience to customers and promote environmental and health concepts when designing our products.

We adopt a systematic approach to the property development process and have implemented standardized procedures to accelerate asset turnover and enhance operational efficiency throughout the project cycle. We believe our operation model has enabled us to achieve relatively high operational efficiency and low leverage ratio. As of December 31, 2019 and 2020, our net gearing ratios were 22.9% and at a net cash position, respectively. As of December 31, 2018, we recorded a net cash position.

As a result of our efficient operation and quality products, we have quickly grown from a developer to a multi-regional quality residence provider, meeting the housing needs of different types of homebuyers. We believe our high-efficiency operational model will enable us to replicate our success in Anhui to more regions in China and further improve our market position and competitiveness. According to Anhui Economic and Information Bureau (安徽省經濟和信息化廳), among all private real estate enterprises headquartered in or primarily focusing on Anhui Province, we were ranked 3rd in terms of operating income in 2019. In March 2020, we were honored as one of the 2020 China Top 100 Real Estate Developers (2020年房地產百強企業) and 2020 China Star Real Estate Developers (2020年房地產百強之星) by China Real Estate Top 10 Research (中國房地產TOP 10研究組) based on a comprehensive assessment system covering seven secondary indicators: scale, profitability, growth, stability, financing, operation efficiency and social responsibility. In September 2020, we were honored as one of the 2020 Top 50 Brands of China Real Estate Companies (2020中國房地產公司品牌價值Top 50) by China Real Estate Top 10 Research. We were also honored as one of the Top 100 Real Estate Companies in China in Terms of Brand Value (中國房企品牌價值Top 100) and Top 100 Real Estate Companies in China in Terms of Overall Strength (中國房企綜合實力Top 100) by EH Consulting in August 2020.

OUR COMPETITIVE STRENGTHS

We believe that our current market position is mainly attributable to the following competitive strengths:

Fast-Growing Real Estate Developer Headquartered in Shanghai, Focusing on Development and Sales of Residential Properties in Anhui Province and Strategically Expanding into the Yangtze River Delta

We are a residential property developer headquartered in Shanghai and deeply rooted in Anhui Province. Since the establishment of our predecessor, Anhui Sanxun Investment, in 2004, our Group has been strategically focusing on the real estate market in Anhui Province. Our Group has penetrated into multiple levels of cities in Anhui Province and have gradually expanded our operation from core prefecture-level cities, such as Chuzhou, to county-level cities, such as Lixin and Fengyang, in the province. According to Anhui Economic and Information Bureau (安徽省經濟和信息化廳), among all private real estate enterprises headquartered in or primarily focusing on Anhui Province, we were ranked 3rd in terms of operating income in 2019. In March 2020, we were honored as one of the 2020 China Top 100 Real Estate Developers (2020年房地產百強企業) and 2020 China Star Real Estate Developers (2020年房地產百強之星) by China Real Estate Top 10 Research (中國房地產TOP 10研究組) based on a comprehensive assessment system covering seven secondary indicators: scale, profitability, growth, stability, financing, operation efficiency and social responsibility.

Leveraging our strong market position in Anhui Province, our Group strives to expand our operations into the markets surrounding Anhui Province and take advantage of the momentum in other regions. Our Group has successfully entered the real estate markets of Shandong Province in 2018 and Jiangsu Province in 2019. As of April 30, 2021, our Group and our associate had a total of 44 projects at various stages of development with an aggregate land bank of 4,293,486 sq.m., located in 12 cities in three provinces, namely Chuzhou, Bozhou, Hefei, Huainan, Fuyang, Anqing, Suzhou, Xuancheng and Bengbu in Anhui Province, Taian in Shandong Province, Nanjing and Wuxi in Jiangsu Province.

We achieved rapid growth during the Track Record Period. Our revenue increased by 329.4% to RMB3,108.7 million in 2019 from RMB723.9 million in 2018, and also increased by 26.9% to RMB3,946.1 million in 2020 from RMB3,108.7 million in 2019. Our land bank increased from 3.9 million sq.m. as of December 31, 2018 to 4.3 million sq.m. as of April 30, 2021. The number of our projects increased from 27 as of December 31, 2018 to 44 as of April 30, 2021. According to EH Consulting (億翰智庫), we ascended to No. 71 in 2020 from No. 82 in 2019 among the Top 100 Real Estate Developers in the PRC in terms of brand value. Additionally, our ranking was improved to No. 85 in 2020 from No. 91 in 2019 based on comprehensive performance.

Our brand of "Sanxun" is well recognized and associated with quality products in the real estate market in Anhui Province. In 2021, our Huaiyuan Sanxun Elegance (懷遠三巽•風華和悦) project was awarded 2021 Anhui Quality Assured Real Estate Project (2021安徽房地產質量放心樓盤) by Anhui Real Estate Research Association (安徽房地產研究會) and Anhui Real Estate Evaluation Center (安徽省房地產測評中心). In 2019, our Chuzhou Fragrance Shire (滁州香頌名郡) project was awarded the "'Huangshan Cup' for Construction Projects in Anhui Province" (安徽省建設工程『黃山杯』) by the Housing and Urban-Rural Development Department of Anhui Province (安徽省住房和城鄉建設廳). In 2019, our Mingguang British Mansion (明光英倫華第) project was awarded the "'Langya Cup' for Construction Projects in Chuzhou" (滁州市建設工程『琅琊杯』) for 2018 by the Housing and Urban-Rural Development Bureau of Chuzhou City (滁州市住房和城鄉建設局).

According to the National Bureau of Statistics and the Bureau of Statistics of Anhui Province, the CAGRs of nominal GDP of Anhui Province from 2015 to 2020 was higher than the national average during the same period, and the growth rate of nominal GDP of Anhui Province in 2020 as compared to 2019 ranked the 4th among the 34 provinces in China. Moreover, the urbanization rate of Anhui Province has steadily increased, leading to great demand for residential properties. We believe that our experience and market recognition in Anhui Province accumulated over the years and our presence in cities surrounding Anhui Province will help us capture market opportunities in Anhui Province and cities in surrounding provinces and achieve sustainable growth.

Quality Land Bank and Efficient Land Acquisition Capability

Leveraging our deep understanding of local real estate markets in Anhui Province and adhering to our strategy of penetrating into Anhui Province at multiple levels, we have accumulated land bank at prime locations in Anhui Province. As of April 30, 2021, our projects covered most prefecture-level cities in Anhui Province, and many of them were located in core districts and transportation hubs of such cities. We focus on prefecture-level cities in Anhui Province, and have expanded our operations from Chuzhou and Bozhou to Hefei, Huainan, Suzhou, Fuyang and Anqing. Capitalizing on our experience accumulated in Anhui Province, we successfully replicated our success in selected cities outside Anhui Province such as Nanjing in Jiangsu Province and Taian in Shandong Province. As of April 30, 2021, our Group and our associate had a total of 44 projects at various stages of development, covering 12 cities in three provinces with an aggregate land bank of 4.3 million sq.m., comprising (i) total saleable GFA unsold of 238,805 sq.m. representing approximately 5.6% of our total land bank; (ii) total planned

GFA for properties under development of 3,445,606 sq.m., representing approximately 80.3% of our total land bank; and (iii) total estimated GFA for properties held for future development of approximately 609,075 sq.m., representing approximately 14.1% of our total land bank.

As of the Latest Practicable Date, our Group acquired land mainly through government organized auctions and public listing-for-sale process. To a lesser extent, we acquired land through mergers and acquisitions or strategic cooperation with well-known real estate developers, such as Redsun Properties Group Limited and Shanghai Dafa Properties Group Limited, to achieve efficient execution of projects and mutual benefits.

We have an efficient land acquisition strategy and mechanism. Before acquiring land, we conduct comprehensive research on the market cycle, assess the value of the land, and choose the land that we believe will enable us to achieve fast cash turnover. During the decision-making process, all relevant internal departments make joint efforts to implement our land acquisition standards in a strict and efficient manner. Leveraging our deep understanding of and extensive experience in the local markets, we are able to make precise judgments towards price trends and seize the market window to obtain land bank and reduce our land use rights costs to enhance our profitability. For 2018, 2019 and 2020, our land use rights costs accounted for 19.7%, 23.1% and 27.9% of our revenue, respectively.

We believe that our quality land bank and efficient land acquisition capability have helped achieve our current success and will help us achieve sustainable growth in the future.

Diversified, Quality Product Lines to Satisfy Different Demands of Customers

Adhering to the philosophy of "Creating a Happy Life (創造幸福生活)," we have developed different product lines, including "New Chinese (新中式)" and "College Style (學院風)," distinguished primarily by exterior design. Each product line has different categories of products, catering to the needs of different customer bases, including first-time homebuyers (剛需型), first-time home upgraders (剛改型) and optional home upgraders (改善型). We refine our product lines continuously, in order to meet evolving customer demands.

We aim to provide quality living experience to customers and promote environmental and health concepts when designing our products. We use environmentally-friendly construction materials in compliance with relevant regulations and requirements. In some of our projects, we have installed fresh air systems to avoid indoor hypoxia and improve respiratory health, installed water purifying systems to provide residents with quality drinking water, and selected plants in public areas to reduce mosquito and noise and create comfortable living conditions for residents. We closely supervise our contractors' work and implement detailed and strict quality control measures to guarantee product quality and enhance customer satisfaction.

We believe that our distinctive products and differentiated designs have contributed to our success and will continue to foster our development in the future.

High Operational Efficiency Underpinned by Standardized Development Process and Prudent Financial Policies

We adopt a systematic approach to property development and project management and have implemented standardized procedures to accelerate asset turnover and enhance operational efficiency throughout the project cycle. Our Project Development Process (《項目開發流程》) sets out detailed steps of each stage of the project cycle and the responsibilities of responsible personnel and relevant external parties. We implement the General Manual for Project Operation (《項目操盤手冊》), which systemically sets out the development of projects throughout the whole lifecycle at a high level. The Measures of Project Planning Management (《項目營運計劃管理辦法》) also stipulate various incentives to drive the progress of our projects. With our standardized project development process and strong execution capability, we believe we can reduce our development and labor cost effectively, manage and monitor the development progress of our projects efficiently and ensure the consistency in the quality of our products.

We pursue prudent financial policies and closely monitor our cash position and liquidity level. We believe our operation model has enabled us to achieve relatively high operational efficiency and low leverage ratio. In 2018, 2019 and 2020, our operating expenses (including selling and marketing expenses and administrative expenses) were RMB111.9 million, RMB248.0 million and RMB388.9 million, respectively, representing 15.5%, 8.0% and 9.9% of the revenue for such periods, respectively. As of December 31, 2019, our net gearing ratios were 22.9%; and as of December 31, 2018 and 2020, we recorded a net cash position.

Experienced Senior Management Team and Competent Workforce with Strong Execution Capability

Our success has relied, and will continue to rely, upon our professional and experienced senior management team, who have in-depth knowledge of the real estate industry in China. Mr. Qian Kun, the Chairman of our Board, holds a diploma in industrial and civil architecture. Mr. Qian has over 15 years of experience in the real estate industry in China, and has been the vice president of Anhui Commerce Association of Real Estate (安徽省房地產商會) since April 2019. Our senior management team has 17 years of experience on average in the fields of real estate development, finance or business management. A majority of our project management team members graduated from prestigious universities in the PRC or have years of work experience in leading enterprises in similar industries.

We also provide continuous trainings for our employees. We established Sanxun Business School (三巽商學院) in February 2019 for internal training purposes, providing trainings on professional skills and workplace skills for employees from all functional lines and levels. We proactively upskill our workforce to supply abundant in-house trained talent for the long-term development of our Group. In addition, we attach great importance to incentive measures to motivate our employees, and have established a number of incentive mechanisms, such as performance award, project milestone award and year-end bonus. We believe such incentives help inspire the potential of our employees and improve their performance.

OUR STRATEGIES

During the Track Record Period, we grew our business rapidly primarily through the acquisition or, partnering with other property developers, the incorporation of a significant number of project companies, and to a lesser extent through merger with and acquisition of, or otherwise strategic cooperation with, other property developers. We are committed to becoming a leading real estate developer in China. To achieve this goal, we intend to implement the following strategies:

Continue to Solidify Our Market Position in Anhui Province and Proactively Expand into Cities outside Anhui Province

We strive to strengthen and further enhance our market position in Anhui Province with our established advantages. According to the National Bureau of Statistics and the Bureau of Statistics of Anhui, the CAGRs of nominal GDP of Anhui Province from 2015 to 2020 was higher than the national average during the same period, and the growth rate of nominal GDP of Anhui Province in 2020 as compared to 2019 ranked the 4th among the 34 provinces in China. We will continue to penetrate into local markets to cover most prefecture-level cities in Anhui Province, if market condition allows. Moreover, we intend to pursue further expansion in the Yangtze River Delta region, such as Hangzhou, Ningbo and Wuxi. Furthermore, we will proactively expand into other regions and cities, such as the Guangdong-Hong Kong-Macau Greater Bay Area, Wuhan and Zhengzhou. We have adopted a "2+X" expansion strategy, pursuant to which we strengthen our presence in Anhui province and Shanghai, and, leveraging such established presence in these two markets, expand into surrounding cities with high growth potential, such as cities in the Yangtze River Delta Region. We believe our experience in the competitive real estate markets in Anhui Province and Shanghai would enable us to replicate our success in other strategically-selected cities and regions. In addition, leveraging the "two horizontal axes and three vertical axes" (兩橫三縱) national strategical urbanization plan, we intend to further develop our presence in regions with great urbanization potential, including the "two horizontal axes," namely, the Yangtze River Economic Belt (長江經濟帶) and cities along the Longhai Railway (隴海線), as well as the "three vertical axes," namely, cities along the Beijing-Shanghai High Speed Railway (京滬高鐵), the Beijing-Kowloon High Speed Railway (京九高鐵沿線) and the Coastal High Speed Railway (沿海高鐵).

We believe that our strategy to enhance our market position in Anhui Province and expand into cities outside Anhui Province can help us seize the market momentum in such regions and further expand our business scale and improve our profitability.

Further Diversify Our Land Acquisition Channels to Optimize Our Land Bank

We plan to continue to acquire land through the traditional land acquisition methods, such as government organized auctions and public listing-for-sale process. From time to time, local governments may require bidders to introduce public schools and other educational institutions as one of the conditions of the award. We plan to acquire land from local governments leveraging our strong capability of attracting renowned schools and educational institutions. Moreover, we intend to further diversify our land acquisition channels, such as through mergers and acquisitions and strategic cooperation with other recognized real estate developers. We have set up a strategic investment center at the headquarters and investment management departments at project companies, covering Anhui, Shandong and Jiangsu provinces. We plan to obtain information related to merger and acquisition opportunities through financial institutions and asset trade centers, and select quality targets that fit our investment standards. We attach great importance to our partners' goodwill and will only choose to cooperate with quality enterprises with strong brand reputation and rich resources.

Further Enrich Our Product Offerings to Improve Brand Value and Enhance Customer Loyalty

We plan to further refine our product offerings according to the demand of different customer groups and standardize our products. For example, we plan to develop a new product series, the "New Metropolis (新都會)" series, embracing the concept of "classicism in harmony with modern decorations," using classical styles, stone materials, and elegant colors and abandon complicated textures and decorations, with an emphasis on traditional history and cultural heritage. We will endeavor to expand our database of standardized designs, components and modules for our projects. We will continue to emphasize the quality, functionality and safety of our products and embed the concepts of health and environmental protection in our products to provide quality products to our customers. We believe these measures can further improve our brand value, thereby enhancing the value of our properties and customer satisfaction and loyalty. In addition, we plan to improve the quality of our services and products as well as customer satisfaction and loyalty through the following specific measures:

- Organize customer care activities: Based on the interactions with customers during the project development process, we plan to organize customer care activities with a focus on customer experience to enhance our brand recognition.

- Collect customer feedback: We plan to collect and understand customer feedback during the service process to avoid design defects and improve product quality.

- Conduct annual satisfaction survey: We plan to engage third-party research institutions to establish a comprehensive survey system to evaluate customer satisfaction from multiple dimensions.

- Enhance risk control throughout the process: We will endeavor to avoid risks through daily risk management and risk assessment at key milestones of the project development process, including design, commencement of pre-sale, site inspection and delivery. We also plan to enhance our customer hotline to address customer feedback more timely and reduce customer complaints at the root.

Further Improve Operational Efficiency and Continuously Optimize Capital Structure

We plan to continue to standardize the property development process and strengthen our management and execution capabilities to further improve operational efficiency while maintaining product quality. At the same time, we plan to continue to closely monitor our capital and cash position and prudently manage land use rights costs, construction and labor costs and operating expenses. By applying prudent cost management measures, we aim to improve capital utilization and operational efficiency. In addition, we plan to further optimize our capital structure through diversified financing channels to maintain relatively low gearing ratio and low financial costs. We plan to continue to adopt a sound financial policy and closely monitor key financial indicators such as gearing ratio and interest coverage ratio. Going forward, we plan to continue to closely monitor the maturity schedule of borrowings and manage our liquidity levels to ensure that our cash flows are sufficient to repay our borrowings as they fall due and meet capital requirements of our business.

We recorded net operating cash outflows of RMB426.3 million, RMB1,898.5 million and RMB358.4 million for the years ended December 31, 2018, 2019 and 2020. Such fluctuation was primarily due to the compound effect of (i) the increase in our property development activities which requires capital investment, and (ii) the mismatch in time between the cash outflows incurred for property developments and the cash inflows generated by our property projects. Specifically, our net operating cash outflow increased to RMB1,898.5 million in 2019 mainly attributable to the increase in our number of projects in 2019. For instance, we commenced development of 15 projects (including one project developed by one of our associates) in the year of 2019, and accordingly recorded operating cash outflows for the increase in properties for development and for sale in the amount of RMB4,451.4 million, while only recorded operating cash inflows for increase in contract liabilities in the amount of RMB2,125.5 million as most of these projects expects to commence pre-sales in 2020. Our net operating cash outflows decreased to RMB358.4 million in 2020, as fewer projects commenced construction while more projects completed construction in 2020 as compared with 2019. Our project development cycle also explains for the mismatch of cash outflows and cash inflows in time. Our project development cycle generally ranges from approximately two to three years. It typically takes seven to 12 months commencing from land acquisition to the commencement of pre-sales, and approximately 18 to 30 months from the commencement of pre-sale to the date of the completion certificate, depending on the scale of the properties and the market conditions.

Further Improve Our Human Resource System to Attract, Retain and Motivate Talent

We believe that experienced and dedicated employees are essential to our sustainable development. We plan to attract, retain and motivate skilled and talented employees by further improving our system for talent retention and cultivation. Specifically, we plan to attract and retain outstanding graduates through the "Management Trainee" program to fuel our long-term development. We plan to continue to optimize our training programs at Sanxun Business School, including Xunhang Class (巽航班) for middle- and high-level management members, and Xunyu Class (巽羽班), Xunyuan Class (巽源班), Xunyue Class (巽躍班) and Xunying Class (巽英班) for employees at different functional positions, as well as Xunyao Class (巽耀班) for induction training. Through these classes, we believe we will be able to accelerate the cultivation of personnel and establish a platform for our employees' career development. Meanwhile, we plan to focus on optimizing our internal organization and the appraisal on key performance indicators. We plan to continue to improve our incentive system, including incentives to teams and individuals, to improve the performance of employees and boost the achievement of our operational targets.

OUR PROPERTY PROJECTS

Overview

As of April 30, 2021, our Group and associate had 44 property projects at various stages of development with a total land bank of approximately 4.3 million sq.m. including (i) total saleable GFA unsold of approximately 238,805 sq.m., accounting for 5.6% of our total land bank, (ii) total planned GFA for properties under development of approximately 3,445,606 sq.m., accounting for 80.3% of our total land bank, and (iii) total estimated GFA for properties held for future development of approximately 609,075 sq.m., accounting for 14.1% of our total land bank. Such land bank covers 12 cities in three provinces in China.

In addition to the above land bank, as of April 30, 2021, we also had a cooperation agreement with local government for an urban redevelopment project with a total site area of approximately 67,336 sq.m., according to which we participate in urban redevelopment project, but have not obtained the land use rights or executed land grant contract as of the Latest Practicable Date. We expect a land auction in relation to this project by end of September 2021, and if so, we will participate in such land auction. Such additional land resources are located in Huaibei.

The following map shows the geographical locations and key information of our projects as of April 30, 2021:

We focus on providing customer-oriented residential properties. We strive to create a comfortable and quality living environment for our customers. To this end, we have fine-tuned our products into different standardized residential property series, each targets first-time homebuyers (剛需型), first-time home upgraders (剛改型)and optional home upgraders (改善型)within specific customer groups:

- The "New Chinese (新中式)" series: The "New Chinese (新中式)" series incorporates Chinese elements into modern architecture and uses modern design to metaphorize Chinese tradition. It combines Chinese essence and western technology. This series is suitable for customers who are interested in the Chinese style and ancient features. Representatives projects of this series include Mingguang Park Villa (明光公園墅).

- The "College Style (學院風)" series: The "College Style (學院風)" series emphasizes American modern red brick style, which integrates tradition and culture and creates a unique humanistic spirit. This series is suitable for customers of scholar style who want to live in cities that are rich in culture and history. Representatives projects of this series include Hefei Elegance (合肥和悅風華).

We believe our diversified product portfolio tailored to the needs of our customers has strengthened our brand name and cultivated customer loyalty, which will enhance our brand recognition.

Classification of Our Property Projects

We generally classify our property projects into the following three categories:

- *completed projects:* a project is classified as completed when the required land use rights certificate has been issued by the relevant government authorities and the completion certificate has been obtained from the relevant government construction authorities.

- *projects under development:* a project is classified as under development when the required construction work commencement permit has been obtained but the completion certificate has not been obtained.

- *projects held for future development:* a project is classified as held for future development when (i) the land use rights certificate has been obtained, but the requisite construction work commencement permit has not been obtained or (ii) a land grant contract for the underlying parcel of land with relevant government authorities has been signed, but relevant land use rights certificate has not been obtained.

As some of our projects comprise multiple-phase developments that are completed on a rolling basis, a project may fall into one or more of the above categories.

Detailed descriptions of each of our projects as set forth in this prospectus were as of April 30, 2021, unless otherwise dated. The commencement date relating to each project refers to the date construction commenced. The completion date set out in the descriptions of our completed projects refers to the date on which the completed construction works certified report was obtained for each project. For a project under development or held for future development, the completion date reflects our best estimate based on our current development plans.

The classification of our properties reflects the basis on which we operate our business and may differ from classifications employed by other developers. Each property project or project phase may require multiple land use rights certificates, construction permits, pre-sale permits and other permits and certificates, which may be issued at different times throughout the development process. Our classification of our properties is also different from the classification of properties in the "Property Valuation Report" set out in Appendix III to this prospectus and the "Accountants' Report" set out in Appendix I to this prospectus. The differences between our classification of properties and the respective classification of properties in the "Property Valuation Report" set out in Appendix III to this prospectus and the "Accountants' Report" set out in Appendix I to this prospectus are set forth in the table below:

Our Classification	Property Valuation Report	Accountants' Report
• Completed projects or project phases	• Group I – Properties held for sale by our Group in the PRC	• Completed properties held for sale
• Projects or project phases under development	• Group II – Properties held under development by our Group in the PRC	• Properties under development
• Projects or project phases held for future development	• Group III – Properties held for future development by our Group in the PRC • Group IV – Properties contracted to be acquired by our Group in the PRC	• Prepayment and other receivables • Properties under development

Site Area and GFA

Site area is calculated as follows: (i) for projects or project phases for which we have obtained land use rights certificates, based on the relevant land use rights certificates; or (ii) for projects or project phases for which we have not obtained land use rights certificates, based on the relevant land grant contracts.

Total GFA of each of our projects or project phases as set forth in this prospectus is calculated as follows: (i) for a project or a project phase that is completed, based upon relevant property completion certificate(s) or property completion and inspection report(s); (ii) for a project or a project phase that is under development, based upon the relevant construction work planning permit(s), or based upon other documentation(s) issued by relevant government authorities if the construction work planning permit is not available; and (iii) for a project or a project phase that is held for future development, based upon the total GFA indicated in the permit(s) or approval(s) issued by the relevant government authorities, the property master plan(s) or based on our internal record(s) and development plan(s), which may be subject to change.

Total GFA as used in this prospectus comprises saleable GFA and non-saleable GFA. Non-saleable GFA as used in this prospectus refers to certain communal facilities and ancillary facilities, such as certain underground GFA, for which pre-sale permits will not be issued. Saleable GFA as used in this prospectus refers to the internal floor areas exclusive of non-saleable GFA. Saleable GFA is further divided into saleable GFA presold/sold and saleable GFA unsold. A property is pre-sold when we have executed the sales contract but have yet to deliver the property to the customer. A property is considered sold after we have executed the sales contract with a customer and have delivered the property to the customer.

Total saleable GFA is calculated as follows: (i) for a project or a project phase that is completed, based on the relevant property ownership certificate or other documents recognized by relevant government authorities, such as the inspection reports; and (ii) for a project or a project phase under development, based upon the relevant pre-sale permit, or based on the construction work planning permit if the pre-sale permit is not available, or based upon other documentation issued by relevant government authorities if the construction work planning permit is not available. The total GFA we intend to sell does not exceed the multiple of site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from the local governments relating to the project.

Land Bank and Property Portfolio

The following table sets forth the GFA breakdown of our property portfolio as of April 30, 2021 in terms of geographic location:

	Number of Projects	Completed saleable GFA unsold/leaseable GFA	Planned GFA under Development	Estimated GFA held for Future Development	Total Land Bank[1]	% of Total Land Bank
		(in sq.m.)	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	
Properties Developed by Our Subsidiaries						
Anhui Province						
Bozhou	14	100,657	1,235,248	2,296	1,338,200	31.2%
Chuzhou	6	49,514	246,956	–	296,470	6.9%
Huainan	2	–	260,710	132,101	392,811	9.1%
Hefei	3	–	328,598	63,816	392,414	9.1%
Fuyang	1	82,418	183,644	–	266,062	6.2%
Anqing	1	–	115,771	–	115,771	2.7%
Suzhou	2	–	199,459	101,632	301,091	7.0%
Xuancheng	1	–	129,008	–	129,008	3.0%
Bengbu	3	–	106,665	193,968	300,633	7.0%
Subtotal	33	232,589	2,806,059	493,813	3,532,461	82.3%
Jiangsu Province						
Nanjing	5	–	211,380	–	211,380	4.9%
Wuxi	4	–	265,949	105,775	371,724	8.7%
Subtotal	9	–	477,329	105,775	583,104	13.6%
Shangdong Province						
Tai'an	1	6,216	141,239	–	147,455	3.4%
Subtotal	1	6,216	141,239	–	147,455	3.4%
Total-Subsidiary	43	238,805	3,424,626	599,588	4,263,020	99.3%
Properties Developed by Our Associate[2]						
Hefei	1	–	20,979	9,487	30,466	0.7%
Total-Associate	1	–	20,979	9,487	30,466	0.7%
Total	44	238,805	3,445,606	609,075	4,293,486	100%

Notes:

(1) Total land bank equals the sum of (i) total saleable GFA unsold for completed properties; (ii) total planned GFA for properties under development; and (iii) total estimated GFA for properties held for future development.

(2) For projects held by our associates, total GFA is adjusted by our equity interest in the respective projects.

As of April 30, 2021 we had 43 projects developed by our subsidiaries, with a total GFA of 4,263,020 sq.m., and one project developed by our associate, with a total GFA attributable to us of 30,466 sq.m.

Our land reserves increased from approximately 2,153,612 sq.m. as of January 1, 2018 to approximately 4,293,486 sq.m. as of April 30, 2021. The table below sets forth movement in our total land reserves, and number of projects during the Track Record Period and up to April 30, 2021.

	For the year ended December 31,			For the four months ended April 30,
	2018	**2019[1]**	**2020[1]**	**2021[1]**
Number of projects				
As of the beginning of the year/period	15	27	36	45
Addition	12	9	9	1
Deduction	–	–	–	2
As of the end of the year/period	27	36	45	44
Land reserves[2] *(sq.m.)*				
As of the beginning of the year/period	2,153,612	3,918,212	4,075,597	4,390,587
Addition	2,003,124	659,934	885,068	36,050
Land delivered	(238,524)	(502,549)	(570,078)	133,151
As of the end of the year/period	3,918,212	4,075,597	4,390,587	4,293,486

Notes:

(1) In calculating the number of projects and land reserves in 2019, 2020 and the four months ended April 30, 2021, we took into account one project developed by our associate which had attributable land reserve of 30,466 sq.m., which equals the project's land reserve adjusted based on the proportion of our equity interest in the relevant project company.

(2) Our land reserve equals the sum of (i) saleable GFA unsold and the GFA sold but not yet delivered; (ii) total planned GFA for properties under development; and (iii) total estimated GFA for properties held for future development.

According to relevant PRC laws and regulations, new buildings constructed in cities for civil use should contain basement areas that can be used for civil air defense purposes in times of war. As of April 30, 2021 we had 13 completed, one under inspection before completion, and 24 in-construction civil air defense properties with an aggregate planned GFA of approximately 204,618 sq.m. The civil air defense properties were primarily used or to be used as car parks, representing an insignificant portion of our property portfolio. The construction cost of civil air defense areas is charged to cost of sales upon recognition of revenue. As part of our day-to-day operation, we monitor our business practice related to the Civil Air Defense Law to ensure such compliance. As confirmed by our PRC Legal Advisor, as of April 30, 2021, we obtained the required permits for construction of civil air defense areas issued by competent authorities. See "Regulatory Overview—Civil Air Defense Property" in this prospectus.

Our Property Projects

As of April 30, 2021 our total completed GFA held for sale was 238,805 sq.m., comprising completed GFA for sale for residential properties of 214,534 sq.m., the same for commercial properties of 23,487 sq.m. and the same for office buildings of 784 sq.m. Completed GFA of our carparks and ancillary facilities as of April 30, 2021 was 288,710 sq.m. and 31,642 sq.m., respectively. For those projects which contributed revenue during the Track Record Period, we did not have any loss-making projects. The following table sets forth a summary of our property projects and project phases completed, under development and held for future development as of April 30, 2021.

No.	Project Name	Location	Site area[1]	Actual/Estimated Construction Commencement Date[2]	Actual/Estimated Construction Completion Date[3]	Actual/Estimated Pre-Sale Commencement Date[4]	Completed: Unsaleable GFA[5]	Completed: Saleable GFA[6]	Completed: Saleable GFA Sold[7]	Completed: Saleable GFA unsold[8]	Completed: Total GFA Completed[9]	Under Development: Saleable GFA[10]	Under Development: Pre-Sold GFA[11]	Under Development: Total Planned GFA Under Development[12]	Future Development: Total Estimated GFA Held For Future Development[13]	Future Development: GFA with Land Use Right Not Yet Obtained	Development Cost Incurred as of December 31, 2020[14]	Estimated Future Development Cost as of December 31, 2020[15]	Group's interest in the Project as of Valuation Date[16]	Our Group's Attributable Value as of the Valuation Date[17]	Reference to Proepty Valuation Report
			(in sq.m.)				*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in RMB millions)*	*(in RMB millions)*	*(%)*	*(in RMB millions)*	*(property no.)*
	Projects developed by our subsidiaries																				
	Anhui																				
	Chuzhou																				
1	Chuzhou Left Bank Fragrance (滁州左岸香頌)	Chuzhou	98,020	2011/04/27	2021/05/28	2011/06/03	7,464	254,365	253,647	718	261,829	–	–	36,122	–	–	948.0	1.5	100.0%	8.3	1
2	Chuzhou Joy Shire (British Mansion) (滁州和悅郡(英倫華第))	Chuzhou	68,696	2017/06/14	2021/05/31	2017/06/27	18,582	119,983	97,318	22,665	138,565	29,219	22,581	61,856	–	–	552.7	12.2	100.0%	320.8	2
3	Mingguang British Mansion (明光英倫華第)	Chuzhou	44,366	2016/05/23	2019/08/08	2016/06/02	12,127	89,203	88,119	1,084	101,331	–	–	–	–	–	259.0	–	100.0%	5.4	3
4	Mingguang No. 1Yard (明光壹號院)	Chuzhou	41,132	2017/11/08	2020/07/23	2017/12/01	26,151	73,554	69,866	3,688	99,705	–	–	–	–	–	359.7	–	100.0%	21.7	4
5	Mingguang Park Villa (明光公園墅)	Chuzhou	94,250	2018/06/07	2022/09/30	2018/06/14	8,203	80,329	66,085	14,245	88,532	81,450	70,623	148,977	–	–	595.6	189.6	100.0%	431.0	5
6	Fengyang No. 1Yard (鳳陽壹號院)	Chuzhou	75,927	2017/10/30	2021/04/09	2017/11/02	47,183	93,123	86,008	7,114	140,306	–	–	–	–	–	463.5	–	100.0%	62.8	6
	Bozhou																				
7	Bozhou Park Villa (亳州公園墅)	Bozhou	65,805	2017/06/01	2020/12/10	2017/07/19	43,937	139,537	125,372	14,165	183,474	–	–	–	–	–	587.2	–	100.0%	117.6	7
8	Bozhou No. 1Yard (亳州壹號院)	Bozhou	86,155	2017/01/22	2020/12/28	2017/03/22	43,372	151,706	144,989	6,717	195,078	–	–	–	–	–	681.7	–	100.0%	62.8	8
9	Bozhou Bo's Mansion (亳州亳公館)	Bozhou	29,904	2018/03/30	2020/12/31	2018/04/20	18,349	56,878	47,797	9,082	75,228	–	–	–	–	–	332.7	–	100.0%	73.4	9
10	Bozhou Platinum House (亳州鉑悅府)	Bozhou	59,193	2018/12/26	2021/09/30	2019/01/11	–	–	–	–	–	114,638	108,465	148,301	–	–	666.3	70.4	70.0%	612.4	10
11	Bozhou Park Alley (亳州公園里)	Bozhou	51,207	2018/05/22	2022/06/30	2018/06/13	5,422	19,823	12,074	7,749	25,245	66,875	13,742	85,607	–	–	358.4	106.8	48.0%	215.3	11
12	Bozhou Joy Mansion (亳州和悅府)	Bozhou	20,524	2020/01/14	2022/11/30	2020/06/29	–	–	–	–	–	49,964	7,226	65,843	–	–	138.6	118.3	100.0%	225.6	12
13	Bozhou Bofu Qingfeng (亳州亳府淩楓)	Bozhou	50,152	2020/09/30	2022/12/21	2020/12/14	–	–	–	–	–	105,782	17,347	136,367	2,296	–	287.7	454.4	35.0%	114.6	13
14	Lixin British Mansion (利辛英倫華第)	Bozhou	53,188	2016/11/21	2021/03/29	2016/12/02	25,147	102,760	100,565	2,196	127,908	–	–	–	–	–	417.5	1.0	100.0%	18.0	14
15	Lixin Platinum House (利辛鉑悅府)	Bozhou	96,231	2018/11/28	2023/12/31	2019/01/10	–	46,889	40,110	6,779	46,889	134,851	28,600	182,732	–	–	597.6	261.5	60.0%	319.1	15
16	Lixin No. 1Yard (利辛壹號院)	Bozhou	57,446	2017/12/26	2020/08/25	2018/02/05	37,102	113,795	112,376	1,420	150,897	–	–	–	–	–	568.1	–	70.0%	7.0	16

No.	Project Name	Location	Site area[1]	Actual/Estimated Construction Commencement Date[2]	Actual/Estimated Construction Completion Date[3]	Actual/Estimated Pre-Sale Commencement Date[4]	Completed: Unsaleable GFA[5]	Completed: Saleable GFA[6]	Completed: Saleable GFA Sold[7]	Completed: Saleable GFA unsold[8]	Completed: Total GFA Completed[9]	Under Development: Saleable GFA[10]	Under Development: Pre-Sold GFA[11]	Under Development: Total Planned GFA Under Development[12]	Future Development: Total Estimated GFA Held For Future Development[13]	Future Development: GFA with Land Use Right Not Yet Obtained	Development Cost Incurred as of December 31, 2020 [14]	Estimated Future Development Cost as of December 31, 2020 [15]	Group's interest in the Project as of Valuation Date [16]	Our Group's Attributable Value as of the Valuation Date[17]	Reference to Proeprty Valuation Report
			(in sq.m.)				*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in RMB millions)*	*(in RMB millions)*	*(%)*	*(in RMB millions)*	*(property no.)*
17	Lixin Wenzhou House (利辛文州府)	Bozhou	49,120	2018/06/23	2021/12/30	2018/08/23	1,405	85,796	33,246	52,550	87,201	11,037	10,402	36,959	–	–	423.9	90.1	51.0%	211.2	17
18	Lixin Elegance (利辛風華和悅)	Bozhou	88,997	2019/07/10	2022/08/31	2019/07/19	–	–	–	–	–	160,481	95,417	203,700	–	–	329.5	307.8	55.0%	299.8	18
19	Lixin State Guest Garden (利辛國賓府臻園)	Bozhou	64,825	2019/10/30	2022/04/30	2019/11/19	–	–	–	–	–	126,228	115,924	164,378	–	–	420.7	187.6	34.0%	223.8	19
20	Guoyang Bangtai Territory (渦陽邦泰江山印)	Bozhou	84,479	2019/09/11	2022/05/30	2019/09/12	–	–	–	–	–	166,357	142,754	211,361	–	–	447.1	255.1	30.0%	233.7	20
	Hefei																				
21	Hefei Elegance (合肥和悅風華)	Hefei	26,380	2019/04/18	2021/10/08	2019/05/29	–	–	–	–	–	61,662	54,146	71,401	–	–	523.6	53.7	60.0%	426.5	21
22	Hefei Jade Orient (合肥翡麗東方)	Hefei	59,233	2019/08/20	2022/12/20	2019/09/20	–	–	–	–	–	143,418	79,690	157,854	–	–	1,151.1	217.4	30.0%	390.5	22
23	Hefei Cloud Garden (合肥雲著園)	Hefei	66,650	2019/11/19	2023/12/31	2019/12/06	–	–	–	–	–	56,494	–	99,342	63,816	–	677.7	193.3	60.0%	442.7	23
	Huainan																				
24	Huainan Elegance (淮南風華和悅)	Huainan	91,183	2019/06/14	2023/12/31	2019/11/20	–	–	–	–	–	82,347	3,415	118,593	132,101	–	163.5	437.0	100.0%	177.5	24
25	Huainan Academy No. 1 (淮南學府壹號)	Huainan	49,622	2018/12/28	2021/12/31	2019/01/18	–	–	–	–	–	107,464	103,631	142,117	–	–	464.5	73.8	35.0%	234.00	25
	Fuyang																				
26	Fuyang Mandarin Upper Shire (阜陽文華上郡)	Fuyang	102,492	2019/02/02	2021/06/30	2019/04/04	1,150	82,418	–	82,418	83,568	126,619	118,235	183,644	–	–	940.3	46.5	34.0%	504.2	26
	Anqing																				
27	Thaihu Jinzhou House (太湖晉州府)	Anqing	38,649	2019/12/31	2022/11/30	2020/05/30	–	–	–	–	–	95,623	69,338	115,771	–	–	316.0	73.9	30.0%	172.4	27
	Suzhou																				
28	Suzhou Guojian Elegance (宿州國建風華)	Suzhou	34,156	2019/08/19	2021/11/30	2019/09/26	–	–	–	–	–	71,428	63,836	93,208	–	–	224.0	125.8	30.0%	109.4	28
29	Suzhou Lingbi Qingfeng (宿州靈璧清楓)	Suzhou	83,329	2020/09/15	2022/12/21	2020/12/07	–	–	–	–	–	86,875	32,769	106,252	101,632	–	355.5	558.0	80.0%	342.6	29
	Xuancheng																				
30	Guangde Binhe Mansion (廣德濱河首府)	Xuancheng	51,882	2019/10/25	2022/12/31	2020/07/30	–	–	–	–	–	115,371	31,856	129,008	–	–	254.0	292.7	27.0%	89.8	30
	Bengbu																				
31	Liucheng County 06 Land Parcel (蚌埠清楓公園里)	Bengbu	41,963	2020/11/30	2022/08/30	2021/01/20	–	–	–	–	–	82,128	10,272	106,665	–	–	102.4	355.0	87.0%	189.4	31

No.	Project Name	Location	Site area(1)	Actual/Estimated Construction Commencement Date(2)	Actual/Estimated Construction Completion Date(3)	Actual/Estimated Pre-Sale Commencement Date(4)	Completed: Unsaleable GFA(5)	Completed: Saleable GFA(6)	Completed: Saleable GFA Sold(7)	Completed: Saleable GFA unsold(8)	Completed: Total GFA Completed(9)	Under Development: Saleable GFA(10)	Under Development: Pre-Sold GFA(11)	Under Development: Total Planned GFA Under Development(12)	Future Development: Total Estimated GFA Held For Future Development(13)	Future Development: GFA with Land Use Right Not Yet Obtained	Development Cost Incurred as of December 31, 2020 (14)	Estimated Future Development Cost as of December 31, 2020 (15)	Group's interest in the Project as of Valuation Date (16)	Our Group's Attributable Value as of the Valuation Date(17)	Reference to Proeprty Valuation Report
			(in sq.m.)				*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in RMB millions)*	*(in RMB millions)*	*(%)*	*(in RMB millions)*	*(property no.)*
32	Liucheng County 05 Land Parcel (榴城縣05地塊)	Bengbu	32,068	2021/08/30	2023/07/30	2021/12/15	–	–	–	–	–	–	–	–	64,137	64,137	25.5	326.6	87.0%	–	32
33	Liucheng County 04 Land Parcel (榴城縣04地塊)	Bengbu	64,916	2022/05/30	2024/06/30	2022/09/30	–	–	–	–	–	–	–	–	129,831	129,831	51.3	624.6	87.0%	–	33
	Shandong																				
	Taian																				
34	Ningyang Platinum House (寧陽鉑悦府)	Tai'an	76,186	2019/01/18	2022/06/30	2019/01/24	1,963	76,303	70,086	6,216	78,265	94,487	64,716	141,239	–	–	572.8	231.2	100.0%	352.8	34
	Jiangsu																				
	Nanjing																				
35	Nanjing Foturne Shire (南京如意郡)	Nanjing	27,117	2019/12/27	2022/01/15	2020/09/01	–	–	–	–	–	52,853	35,598	61,145	–	–	467.8	164.5	51.0%	279.7	35
36	Nanjing Joy Garden (南京和悦瀾庭)	Nanjing	13,476	2019/12/20	2022/12/31	2020/04/30	–	–	–	–	–	22,820	16,387	26,899	–	–	127.3	47.0	100.0%	156.2	36
37	Nanjing Upper Joy Garden (南京尚上悦苑)	Nanjing	7,232	2019/08/13	2021/11/30	2019/11/29	–	–	–	–	–	20,173	10,492	26,273	–	–	365.1	20.2	30.0%	152.7	37
38	Nanjing Joy River South (南京和悦江南)	Nanjing	10,665	2020/04/30	2021/12/31	2020/09/04	–	–	–	–	–	16,701	9,792	18,693	–	–	85.1	63.9	100.0%	100.2	38
39	Nanjing Elegance (南京和悦風華)	Nanjing	39,288	2020/06/19	2022/10/31	2021/01/22	–	–	–	–	–	66,992	8,745	78,369	–	–	228.3	279.6	100.0%	262.2	39
40	Wuxi Xinghuiyuan (無錫星輝苑)	Wuxi	63,132	2020/12/30	2024/01/29	2021/05/27	–	–	–	–	–	67,597	–	112,172	69,725	–	508.8	598.7	30.6%	189.7	40
41	Wuxi Xingguangyuan (無錫星光苑)	Wuxi	29,085	2020/10/21	2023/03/10	2021/01/14	–	–	–	–	–	85,893	31,974	108,032	–	–	355.6	328.1	30.6%	135.8	41
42	Wuxi Lanjing Yayuan (無錫瀾景雅苑)	Wuxi	16,905	2021/01/26	2023/05/17	2021/05/27	–	–	–	–	–	32,761	–	45,744	–	–	100.5	143.4	51.0%	57.4	42
43	Wuxi Donggang Land Parcel (無錫東港地塊)	Wuxi	15,674	2021/06/30	2023/12/30	2021/10/15	–	–	–	–	–	–	–	–	36,050	–	–	413.3	100.0%	226.3	43
	Project dveloped by our associate																				
44	Hefei Yuehu Xinzhu (合肥悦湖新著)	Hefei	67,834	2019/12/19	2022/05/31	2020/01/19	–	–	–	–	–	106,971	86,286	120,987	54,714	–	N/A	N/A	17.3%	–	–
Total							297,558	1,586,463	1,347,658	238,805	1,884,021	2,643,560	1,464,259	3,545,613	654,302	193,968	18,014	7,725		8,576	

Notes:

(1) Site area shall be derived from information contained in the relevant land use rights certificates and real estate title certificates, or the site area data in the land grant contract if there are no relevant land use rights certificates.

(2) Actual/estimated construction commencement date refers to the date on the construction work commencement permit or estimated by our Group.

(3) Actual/estimated construction completion date refers to the date of the completion certificate for completed projects, or based on our current estimation with reference to construction working plans for projects under development or held for future development.

(4) Actual/estimated pre-sale commencement date refers to the date our Group obtained or estimated to obtain a pre-sale permit for the project based on our Group's internal records.

(5) Unsaleable GFA includes non-saleable carparks for which we transferred the right of use to customers and other non-saleable areas such as certain communal areas. Equals the total GFA completed minus saleable GFA.

(6) Saleable GFA of completed projects refers to the saleable GFA sold and unsold of our completed projects.

(7) GFA sold of completed projects includes properties for which we have executed the sales and purchase agreement and the properties have been delivered to our customers.

(8) Saleable GFA unsold of projects completed includes properties for which we have executed the relevant sale and purchase agreement but the properties have not yet been delivered to the customers.

(9) Total GFA completed shall be excerpted from the completion certificate or documents of acceptance; the data on a project under development or held for future development.

(10) Saleable GFA of projects under development refers to the internal floor area of a property, which has been allocated with shared floor area.

(11) Pre-sold GFA of projects under development refers to properties for which we have executed the pre-sale contract.

(12) Total planned GFA under development shall be excerpted from the information contained in the relevant construction work planning permit or construction work commencement permit.

(13) Total estimated GFA held for future development shall be excerpted from the information contained in the permit(s) or approval(s) issued by the relevant government authorities, the property master plan(s) or based on our internal record(s)and development plan(s), which may be subject to change, comprising GFA with and/or without land use rights certificates.

(14) Development costs incurred refer to audited direct costs incurred for the relevant projects as of December 31, 2020, including paid/to-be-paid relevant land use rights costs, construction and labor costs and capitalized interest. "–" applies in the case where the actual development costs of the relevant project were nil as of December 31, 2020.

(15) Estimated future development costs refer to the budgeted costs to be incurred based on our project development schedules as of December 31, 2020, subject to changes in the relevant market and our internal adjustments to the cost structure of projects. The estimated future development costs has already taken into account our expenditure commitments as at December 31, 2020.

(16) Calculation based on the effective equity interest in the respective project companies as of the Valuation Date.

(17) Refers to the market value of the project in proportion to our Group's interest in the project as of the Valuation Date, which excludes the market value of projects that have been completed and delivered.

The following table sets forth our GFA under development and held for future development to be completed in 2021, 2022, 2023 and 2024 by project.

No.	Project Name	Ref. No.[1]	GFA expected to be completed in the year ending December 31, 2021	GFA expected to be completed in the year ending December 31, 2022	GFA expected to be completed in the year ending December 31, 2023	GFA expected to be completed in the year ending December 31, 2024
			(in sq.m.)	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*
	Projects Developed by Our Subsidiaries					
	Anhui					
	Chuzhou					
1.	Chuzhou Left Bank Fragrance (滁州左岸香頌)	1	36,122	–	–	–
2.	Chuzhou Joy Shire (British Mansion) (滁州和悅郡(英倫華第))	2	61,856	–	–	–
3.	Mingguang Park Villa (明光公園墅)	5	–	148,977	–	–
	Bozhou					
4.	Bozhou Platinum House (亳州鉑悅府)	10	148,301	–	–	–
5.	Bozhou Park Alley (亳州公園里)	11	–	85,607	–	–
6.	Bozhou Joy Mansion (亳州和悅府)	12	–	65,843	–	–
7.	Bozhou Bofu Qingfeng (亳州亳府淩楓)	13	–	138,663	–	–
8.	Lixin Platinum House (利辛鉑悅府)	15	47,278	132,741	2,713	–
9.	Lixin Wenzhou House (利辛文州府)	17	36,959	–	–	–
10.	Lixin Elegance (利辛風華和悅)	18	–	203,700	–	–
11.	Lixin State Guest Garden (利辛國賓府臻園)	19	–	164,378	–	–
12.	Guoyang Bangtai Territory (渦陽邦泰江山印)	20	–	211,361	–	–
	Hefei					
13.	Hefei Elegance (合肥和悅風華)	21	71,401	–	–	–
14.	Hefei Jade Orient (合肥翡麗東方)	22	–	157,854	–	–
15.	Hefei Cloud Garden (合肥雲著園)	23	–	–	163,158	–
	Huainan					
16.	Huainan Elegance (淮南風華和悅)	24	–	–	250,694	–
17.	Huainan Academy No. 1 (淮南學府壹號)	25	142,117	–	–	–
	Fuyang					
18.	Fuyang Mandarin Upper Shire (阜陽文華上郡)	26	183,644	–	–	–

No.	Project Name	Ref. No.(1)	GFA expected to be completed in the year ending December 31, 2021	GFA expected to be completed in the year ending December 31, 2022	GFA expected to be completed in the year ending December 31, 2023	GFA expected to be completed in the year ending December 31, 2024
			(in sq.m.)	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*
	Anqing					
19.	Thaihu Jinzhou House (太湖晉州府)	27	–	115,771	–	–
	Suzhou					
20.	Suzhou Guojian Elegance (宿州國建風華)	28	93,208	–	–	–
21.	Suzhou Lingbi Qingfeng (宿州靈璧清楓)	29	–	207,884	–	–
	Xuancheng					
22.	Guangde Binhe Mansion (廣德濱河首府)	30	–	129,008	–	–
	Bengbu					
23.	Bengbu Qingfeng Park Alley (蚌埠清楓公園里)	31	–	106,665	–	–
24.	Liucheng County 05 Land Parcel (榴城縣05地塊)	32	–	–	64,137	–
25.	Liucheng County 04 Land Parcel (榴城縣04地塊)	33	–	–	–	129,831
	Shandong					
	Taian					
26.	Ningyang Platinum House (寧陽鉑悅府)	34	–	141,239	–	–
	Jiangsu					
	Nanjing					
27.	Nanjing Foturne Shire (南京如意郡)	35	–	61,145	–	–
28.	Nanjing Joy Garden (南京和悅瀾庭)	36	–	26,899	–	–
29.	Nanjing Upper Joy Garden (南京尚上悅苑)	37	26,273	–	–	–
30.	Nanjing Joy River South (南京和悅江南)	38	18,693	–	–	–
31.	Nanjing Elegance (南京和悅風華)	39	–	78,369	–	–
32.	Wuxi Xinghuiyuan (無錫星輝苑)	40	–	–	–	181,897
33.	Wuxi Xingguangyuan (無錫星光苑)	41	–	–	108,032	–
34.	Wuxi Lanjing Yayuan (無錫瀾景雅苑)	42	–	–	45,744	–
35.	Wuxi Donggang Land Parcel (無錫東港地塊)	43	–	–	36,050	–
	Project Developed by Our Associate					
36.	Hefei Yuehu Xinzhu (合肥悅湖新著)	44	–	175,700	–	–
Total			**865,853**	**2,351,805**	**670,529**	**311,728**

Note:

(1) Reference No. refers to the item number used in the table of our property projects as disclosed under "—Our Property Projects—Our Property Projects" in this section.

Projects developed by our subsidiaries

Anhui Province

Chuzhou

1. ***Chuzhou Left Bank Fragrance (滁州左岸香頌)***

Chuzhou Left Bank Fragrance, located in Chuzhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 98,020 sq.m., with a total planned GFA of approximately 297,952 sq.m. This project is developed by Chuzhou Sanxun. The project company entered into the relevant land grant contract in June 2010, at a total consideration of RMB239.0 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total GFA Completed					Total Planned GFA under Development			Actual Commencement Date	Actual Completion Date
Residential	Commercial	Ancillary	Car parks	Total	Ancillary	Car parks	Total		
		(in sq.m.)							
242,198	12,167	3,826	3,638	261,829	49	36,073	36,122	April 2011	May 2021

2. ***Chuzhou Joy Shire (British Mansion)* (滁州和悅郡(英倫華第))**

Chuzhou Joy Shire (British Mansion), located in Chuzhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 68,696 sq.m., with a total planned GFA of approximately 200,421 sq.m. This project is developed by Chuzhou Sanxun Suchu. The project company entered into the relevant land grant contract in December 2016, at a total consideration of RMB125.0 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total GFA Completed			Total Planned GFA under Development					Actual Commencement Date	Actual Completion Date
Residential	Car parks	Total	Residential	Commercial	Ancillary	Car parks	Total		
	(in sq.m.)				*(in sq.m.)*				
123,723	14,842	138,565	27,299	2,570	751	31,236	61,856	June 2017	May 2021

3. ***Mingguang British Mansion (明光英倫華第)***

Mingguang British Mansion, located in Chuzhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 44,366 sq.m., with a total GFA of approximately 101,331 sq.m. This project is developed by Mingguang Sanxun. The project company entered into the relevant land grant contract in October 2015, at a total consideration of RMB49.1 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

	Total GFA Completed					Actual Commencement Date	Actual Completion Date
	Residential	Commercial	Ancillary	Car parks	Total		
			(in sq.m.)				
Phase I	24,489	5,260	220	1,314	31,283	May 2016	July 2017
Phase II	55,415	4,056	651	9,926	70,048	August 2016	August 2019

4. *Mingguang No. 1 Yard (明光壹號院)*

Mingguang No. 1 Yard, located in Chuzhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 41,132 sq.m., with a total GFA of approximately 99,705 sq.m. This project is developed by Mingguang Sanxun Yihaoyuan Real Estate Co. Ltd. (明光三巽壹號院置業有限公司). The project company entered into the relevant land grant contract in May 2017, at a total consideration of RMB154.4 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total GFA Completed					Actual	Actual
Residential	Commercial	Ancillary	Car parks	Total	Commencement Date	Completion Date
		(in sq.m.)				
70,860	2,694	3,642	22,509	99,705	November 2017	July 2020

5. ***Mingguang Park Villa (明光公園墅)***

Mingguang Park Villa, located in Chuzhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 94,250 sq.m., with a total planned GFA of approximately 237,509 sq.m. This project is developed by Mingguang Sanxun Mingzhong. The project company entered into the relevant land grant contract in June 2017, at a total consideration of RMB270.0 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

	Total GFA Completed			Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
	Residential	Car parks	Total	Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)				*(in sq.m.)*				
Phase I	82,203	6,329	88,532	20,440	-	-	738	21,178	June 2018	September 2022
Phase II	-	-	-	86,075	4,823	798	36,103	127,799	July 2019	September 2022

6. *Fengyang No. 1 Yard (鳳陽壹號院)*

Fengyang No. 1 Yard, located in Chuzhou, Anhui Province, primarily comprises mid to low-rise apartment buildings. This project occupies a total site area of approximately 75,927 sq.m., with a total GFA of approximately 140,306 sq.m. This project is developed by Fengyang Sanxun. The project company entered into the relevant land grant contract in April 2017, at a total consideration of RMB172.7 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

	Total GFA Completed				Actual Commencement Date	Actual Completion Date
	Residential	Ancillary	Car parks	Total		
	(in sq.m.)					
Phase I	64,399	–	–	64,399	October 2017	September 2019
Phase II	28,723	5,442	41,741	75,906	February 2018	April 2021

Bozhou

7. ***Bozhou Park Villa (亳州公園墅)***

Bozhou Park Villa, located in Bozhou, Anhui Province, primarily comprises high to mid-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 65,805 sq.m., with a total GFA of approximately 183,474 sq.m. This project is developed by Bozhou Sanxun Chengnan. The project company entered into the relevant land grant contract in December 2016, at a total consideration of RMB173 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

	Total GFA Completed						Actual Commencement Date	Actual Completion Date
	Residential	Commercial	Office	Ancillary	Car parks	Total		
			(in sq.m.)					
Phase I	62,780	10,075	–	–	4,399	77,254	June 2017	December 2020
Phase II	31,827	4,868	8,910	3,453	500	49,558	August 2017	December 2020
Phase III	22,602	–	–	384	33,676	56,662	August 2017	August 2020

8. ***Bozhou No. 1 Yard (亳州壹號院)***

Bozhou No. 1 Yard, located in Bozhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 86,155 sq.m., with a total GFA of approximately 195,078 sq.m. This project is developed by Bozhou Sanxun. The project company entered into the relevant land grant contract in June 2016, at a total consideration of RMB256.5 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

	Total GFA Completed						Actual Commencement Date	Actual Completion Date
	Residential	Commercial	Office	Ancillary	Car parks	Total		
			(in sq.m.)					
Phase I	91,519	5,130	–	1,065	4,614	102,328	January 2017	November 2019
Phase II	48,010	–	–	512	34,368	82,890	April 2017	December 2020
Phase III	–	3,068	4,732	2,061	–	9,861	May 2017	December 2020

9. ***Bozhou Bo's Mansion (亳州亳公館)***

Bozhou Bo's Mansion, located in Bozhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 29,904 sq.m., with a total GFA of approximately 75,228 sq.m. This project is developed by Bozhou Sanxun Gongguan Real Estate Co., Ltd. (亳州三巽公館置業有限公司). The project company entered into the relevant land grant contract in September 2017, at a total consideration of RMB159.0 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

	Total GFA Completed					Actual Commencement Date	Actual Completion Date
	Residential	Commercial	Ancillary	Car parks	Total		
			(in sq.m.)				
Phase I	18,301	563	150	–	19,014	March 2018	April 2020
Phase II	35,458	3,268	1,320	16,168	56,214	March 2018	December 2020

10. ***Bozhou Platinum House (亳州鉑悦府)***

Bozhou Platinum House, located in Bozhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 59,193 sq.m., with a total planned GFA of approximately 148,301 sq.m. This project is developed by Bozhou Jiantou Sanxun. The project company entered into the relevant land grant contract in November 2017, at a total consideration of RMB385.0 million. As of the Valuation Date, our Group held a 70.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)				
107,377	7,747	2,871	30,306	148,301	December 2018	September 2021

11. ***Bozhou Park Alley (亳州公園里)***

Bozhou Park Alley, located in Bozhou, Anhui Province, primarily comprises high-rise and low-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 51,207 sq.m., with a total planned GFA of approximately 110,852 sq.m. This project is developed by Bozhou Sanxun Jinfurong Real Estate Co., Ltd. (亳州三巽金芙蓉置業有限公司). The project company entered into the relevant land grant contract in August 2017, at a total consideration of RMB186.0 million. As of the Valuation Date, our Group held a 48.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total GFA Completed						Total planned GFA under Development						Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Office	Ancillary	Car parks	Total	Residential	Commercial	Office	Ancillary	Car parks	Total		
		(in sq.m.)						*(in sq.m.)*					
13,639	4,282	2,095	231	4,998	25,245	11,957	6,771	48,147	265	18,467	85,607	May 2018	June 2022

12. ***Bozhou Joy Mansion (亳州和悦府)***

Bozhou Joy Mansion, located in Bozhou, Anhui Province, primarily comprises high-rise apartment buildings. This project occupies a total site area of approximately 20,524 sq.m., with a total planned GFA of approximately 65,843 sq.m. This project is developed by Bozhou Hexun Real Estate Co., Ltd. (亳州合巽置業有限公司, "**Bozhou Hexun**"). The project company entered into the relevant land grant contract in May 2019, at a total consideration of RMB101.5 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)				
46,571	3,394	1,737	14,142	65,843	January 2020	November 2022

13. ***Bozhou Bofu Lingfeng (亳州亳府凌楓)***

Bozhou Bofu Lingfeng, located in Bozhou, Anhui Province, primarily comprises high-rise apartment buildings, mid to low-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 50,152 sq.m., with a total planned GFA of approximately 138,663 sq.m. This project is developed by Anhui Xunsheng Real Estate Co., Ltd. (安徽巽晟置業有限公司). The project company entered into the relevant land grant contract in July 2020, at a total consideration of RMB293.0 million. As of the Valuation Date, our Group held a 35.0% interest in the project. Construction of this project has commenced in September 2020 and is estimated to complete in December 2022.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Total Estimated GFA Held For Future Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total	Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)					*(in sq.m.)*				
100,065	5,717	3,021	27,564	136,367	-	-	2,296	-	2,296	September 2020	December 2022

14. ***Lixin British Mansion (利辛英倫華第)***

Lixin British Mansion, located in Bozhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 53,188 sq.m., with a total GFA of 127,908 sq.m. This project is developed by Lixin Sanxun. The project company entered into the relevant land grant contract in May 2016, at a total consideration of RMB170 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

	Total GFA Completed					Actual Commencement Date	Actual Completion Date
	Residential	Commercial	Ancillary	Car parks	Total		
			(in sq.m.)				
Phase I	31,360	6,364	3,670	6,064	47,458	November 2016	March 2021
Phase II	64,716	321	–	15,413	80,450	January 2017	March 2021

15. ***Lixin Platinum House (利辛鉑悦府)***

Lixin Platinum House, located in Bozhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 96,231 sq.m., with a total planned GFA of approximately 229,621 sq.m. This project is developed by Lixin Sanxun Zhongtong. The project company entered into the relevant land grant contract in August 2018, at a total consideration of RMB400.0 million. As of the Valuation Date, our Group held a 60.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

	Total GFA Completed			Total Planned GFA under Development					Actual/Estimated Commencement Date	Estimated/Actual Completion Date
	Residential	Commercial	Total	Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)				(in sq.m.)				
Phase I	17,090	953	18,043	–	2,713	–	–	2,713	November 2018	December 2023
Phase II	17,366	–	17,366	–	–	–	–	–	January 2019	December 2020
Phase III	10,959	521	11,480	29,741	1,020	–	16,517	47,278	January 2019	July 2021
Phase IV	–	–	–	96,386	4,990	1,121	30,243	132,741	June 2020	December 2022

16. ***Lixin No. 1 Yard (利辛壹號院)***

Lixin No. 1 Yard, located in Bozhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 57,446 sq.m., with a total GFA of approximately 150,897 sq.m. This project is developed by Lixin Sanxun Jiantou. The project company entered into the relevant land grant contract in May 2017, at a total consideration of RMB227.0 million. As of the Valuation Date, our Group held a 70.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

	Total GFA Completed					Actual Commencement Date	Actual Completion Date
	Residential	Commercial	Ancillary	Car parks	Total		
			(in sq.m.)				
Phase I	52,914	8,217	–	4,681	65,813	December 2017	August 2020
Phase II	50,888	1,776	2,089	30,331	85,084	May 2018	August 2020

17. ***Lixin Wenzhou House (利辛文州府)***

Lixin Wenzhou House, located in Bozhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 49,120 sq.m., with a total planned GFA of approximately 124,160 sq.m. This project is developed by Lixin Sanxun Bangtai. The project company entered into the relevant land grant contract in March 2018, at a total consideration of RMB232.0 million. As of the Valuation Date, our Group held a 51.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total GFA Completed					Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total	Residential	Commercial	Ancillary	Car parks	Total		
	(in sq.m.)					*(in sq.m.)*					
79,549	6,247	382	1,023	87,201	9,057	1,981	1,611	24,311	36,959	June 2018	December 2021

18. ***Lixin Elegance (利辛風華和悅)***

Lixin Elegance, located in Bozhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 88,997 sq.m., with a total planned GFA of approximately 203,700 sq.m. This project is developed by Lixin Sanxun Zhongtong Nancheng Real Estate Co., Ltd. (利辛縣三巽中通南城置業有限公司). The project company entered into the relevant land grant contract in March 2019, at a total consideration of RMB174 million. As of the Valuation Date, our Group held a 55.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)				
155,132	5,349	1,010	42,209	203,700	July 2019	August 2022

19. ***Lixin State Guest Garden (利辛國賓府臻園)***

Lixin State Guest Garden, located in Bozhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 64,825 sq.m., with a total planned GFA of approximately 164,378 sq.m. This project is developed by Lixin Taixun. The project company entered into the relevant land grant contract in August 2019, at a total consideration of RMB287.0 million. As of the Valuation Date, our Group held a 34.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual	Estimated
Residential	Commercial	Ancillary	Car parks	Total	Commencement Date	Completion Date
		(in sq.m.)				
119,707	6,521	4,206	33,944	164,378	October 2019	April 2022

20. ***Guoyang Territory (渦陽江山印)***

Guoyang Territory, located in Bozhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 84,479 sq.m., with a total planned GFA of approximately 211,361 sq.m. This project is developed by Guoyang Taixun and the relevant land grant contract was entered in May 2019, at a total consideration of RMB280.0 million. As of the Valuation Date, our Group held a 30.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual	Estimated
Residential	Commercial	Ancillary	Car parks	Total	Commencement Date	Completion Date
		(in sq.m.)				
165,464	893	4,212	40,792	211,361	September 2019	May 2022

Hefei

21. ***Hefei Elegance (合肥和悦風華)***

Hefei Elegance, located in Hefei, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 26,380 sq.m., with a total planned GFA of approximately 71,401 sq.m. This project is developed by Hefei Sanxun. Chuzhou Sanxun, the sole shareholder of the project company, entered into the relevant land grant contract in December 2018, at a total consideration of RMB354.2 million. As of the Valuation Date, our Group held a 60.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual	Estimated
Residential	Commercial	Ancillary	Car parks	Total	Commencement Date	Completion Date
		(in sq.m.)				
51,073	506	1,762	18,060	71,401	April 2019	October 2021

22. ***Hefei Jade Orient (合肥翡麗東方)***

Hefei Jade Orient, located in Hefei, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 59,233 sq.m., with a total planned GFA of approximately 157,854 sq.m. This project is developed by Hefei Jiusan. The project company entered into the relevant land grant contract in April 2019, at a total consideration of RMB928.5 million. As of the Valuation Date, our Group held a 30.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)				
114,806	1,277	2,168	39,604	157,854	August 2019	December 2022

23. ***Hefei Cloud Garden (合肥雲著園)***

Hefei Cloud Garden, located in Hefei, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 66,650 sq.m., with a total planned GFA of approximately 163,158 sq.m. This project is developed by Chaohu Shixun. The project company entered into the relevant land grant contract in July 2019, at a total consideration of RMB589.9 million. As of the Valuation Date, our Group held a 60.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Total Estimated GFA Held For Future Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total	Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)					*(in sq.m.)*				
55,474	1,020	1,721	41,127	99,342	53,298	1,519	8,999	-	63,816	November 2019	December 2023

Huainan

24. ***Huainan Elegance (淮南風華和悦)***

Huainan Elegance, located in Huainan, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 91,183 sq.m., with a total planned GFA of approximately 250,694 sq.m. This project is developed by Huainan Sanxun Real Estate Co., Ltd. (淮南三巽置業有限公司, "**Huainan Sanxun**"). The project company entered into the relevant land grant contract in December 2018, at a total consideration of RMB95.7 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Total Estimated GFA Held for Future Development					Actual	Estimated
Residential	Commercial	Ancillary	Car parks	Total	Residential	Commercial	Ancillary	Car parks	Total	Commencement Date	Completion Date
		(in sq.m.)					*(in sq.m.)*				
80,967	1,380	7,649	28,597	118,593	103,706	1,465	1,945	24,986	132,101	June 2019	December 2023

25. ***Huainan Academy No. 1 (淮南學府壹號)***

Huainan Academy No. 1, located in Huainan, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 49,622 sq.m., with a total planned GFA of approximately 142,117 sq.m. This project is developed by Shouxian Jingqiao. The project company entered into the relevant land grant contract in September 2018, at a total consideration of RMB224.8 million. As of the Valuation Date, our Group held a 35.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual	Estimated
Residential	Commercial	Ancillary	Car parks	Total	Commencement Date	Completion Date
		(in sq.m.)				
104,111	3,861	1,911	32,234	142,117	December 2018	December 2021

Fuyang

26. ***Fuyang Mandarin Upper Shire (阜陽文華上郡)***

Fuyang Mandarin Upper Shire, located in Fuyang, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 102,492 sq.m., with a total planned GFA of approximately 267,212 sq.m. This project is developed by Fuyang Shangjun. The project company entered into the relevant land grant contract in October 2018, at a total consideration of RMB370.5 million. As of the Valuation Date, our Group held a 34.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total GFA Completed				Total Planned GFA under Development				Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Total	Residential	Ancillary	Car parks	Total		
(in sq.m.)				*(in sq.m.)*					
77,965	4,453	1,150	83,568	126,619	5,148	51,877	183,644	February 2019	June 2021

Anqing

27. ***Taihu Jinzhou Mansion (太湖晉州府)***

Taihu Jinzhou Mansion, located in Anqing, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 38,649 sq.m., with a total planned GFA of approximately 115,771 sq.m. This project is developed by Taihu Sanxun. The project company entered into the relevant land grant contract in May 2019, at a total consideration of RMB185.6 million. As of the Valuation Date, our Group held a 30.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)				
71,835	23,788	1,000	19,148	115,771	December 2019	November 2022

Suzhou

28. ***Suzhou Guojian Elegance (宿州國建風華)***

Suzhou Guojian Elegance, located in Suzhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 34,156 sq.m., with a total planned GFA of approximately 93,208 sq.m. This project is developed by Suzhou Sanxun. The project company entered into the relevant land grant contract in April 2019, at a total consideration of RMB106.1 million. As of the Valuation Date, our Group held a 30.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)				
65,138	6,290	3,699	18,081	93,208	August 2019	November 2021

29. ***Suzhou Lingbi Qingfeng (宿州靈璧清楓)***

Suzhou Lingbi Qingfeng, located in Suzhou, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 83,329 sq.m., with a total planned GFA of approximately 207,884 sq.m. This project is developed by Lingbi Sanxun Real Estate Co., Ltd. (靈璧三巽置業有限公司). The project company entered into the relevant land grant contract in June 2020, at a total consideration of RMB324.9 million. As of the Valuation Date, our Group held a 80.0% interest in the project. Construction of this project was commenced in September 2020 and is estimated to be completed in December 2022.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Total Estimated GFA Held For Future Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total	Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)					*(in sq.m.)*				
84,869	2,006	1,945	17,431	106,252	74,060	436	3,258	23,878	101,632	September 2020	December 2022

Xuancheng

30. ***Guangde Binhe Mansion (廣德濱河首府)***

Guangde Binhe Mansion, located in Xuancheng, Anhui Province, primarily comprises high-rise apartment buildings, mid to low-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 51,882 sq.m., with a total planned GFA of approximately 129,008 sq.m. This project is developed by Guangde Shengfa Properties Co., Ltd. (廣德晟發房地產有限公司). The project company entered into the relevant land grant contract in July 2019, at a total consideration of RMB151.7 million. As of the Valuation Date, our Group held a 27.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)				
99,338	2,566	2,741	24,362	129,008	October 2019	December 2022

Bengbu

31. ***Bengbu Qingfeng Park Alley (蚌埠清楓公園里)***

Bengbu Qingfeng Park Alley, located in Bengbu, Anhui Province, primarily comprises mid-to-high rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 41,963 sq.m., with a total planned GFA of approximately 106,665 sq.m. This project is developed by Huaiyuan Xungui Real Estate Co., Ltd. (懷遠巽桂置業有限公司). The project company entered into the relevant land grant contract in July 2020, at a total consideration of RMB148.0 million. As of the Valuation Date, our Group held a 87.0% interest in the project.

Total Planned GFA under Development					Actual	Estimated
Residential	Commercial	Ancillary	Car parks	Total	Commencement Date	Completion Date
		(in sq.m.)				
81,782	347	1,971	22,566	106,665	November 2020	August 2022

32. ***Liucheng County 05 Land Parcel (榴城縣05地塊)***

Liucheng County 05 Land Parcel, located in Bengbu, Anhui Province, primarily comprises mid-to-high rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 32,068 sq.m., with a total planned GFA of approximately 64,137 sq.m. This project is developed by Huaiyuan Xunsen Real Estate Co., Ltd. (懷遠巽森置業有限公司). The project company entered into the relevant land grant contract in July 2020, at a total consideration of RMB122.0 million. As of the Valuation Date, our Group held a 87.0% interest in the project. Construction of this project is estimated to commence in August 2021 and be completed in July 2023.

33. ***Liucheng County 04 Land Parcel (榴城縣04地塊)***

Liucheng County 04 Land Parcel, located in Bengbu, Anhui Province, primarily comprises mid-to-high rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 64,915.5 sq.m., with a total planned GFA of approximately 129,831 sq.m. This project is developed by Huaiyuan Xunmao Real Estate Co., Ltd. (懷遠巽茂置業有限公司). The project company entered into the relevant land grant contract in July 2020, at a total consideration of RMB208.0 million. As of the Valuation Date, our Group held a 87.0% interest in the project. Construction of this project is estimated to commence in May 2022 and be completed in June 2024.

Shandong Province

Taian

34. ***Ningyang Platinum House (寧陽鉑悦府)***

Ningyang Platinum House, located in Taian, Shandong Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 76,186 sq.m., with a total planned GFA of approximately 219,504 sq.m. This project is developed by Ningyang Sanxun. The project company entered into the relevant land grant contract in December 2018, at a total consideration of RMB261.4 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total GFA Completed					Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total	Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)					*(in sq.m.)*				
73,090	3,213	–	1,963	78,265	90,326	4,160	2,915	43,837	141,239	January 2019	June 2022

Jiangsu Province

Nanjing

35. ***Nanjing Fortune Shire (南京如意郡)***

Nanjing Fortune Shire, located in Nanjing, Jiangsu Province, primarily comprises mid-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 27,117 sq.m., with a total planned GFA of approximately 61,145 sq.m. This project is developed by Nanjing Jiuxun. Chuzhou Sanxun, the sole shareholder of the project company, entered into the relevant land grant contract in January 2019, at a total consideration of RMB380.0 million. As of the Valuation Date, our Group held a 51.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)				
38,515	–	1,840	20,790	61,145	December 2019	January 2022

36. ***Nanjing Joy Garden (南京和悅瀾庭)***

Nanjing Joy Garden, located in Nanjing, Jiangsu Province, primarily comprises low-rise apartment buildings. This project occupies a total site area of approximately 13,476 sq.m., with a total planned GFA of approximately 26,899 sq.m. This project is developed by Nanjing Tengxun Real Estate Co., Ltd. (南京騰巽置業有限公司). The project company entered into the relevant land grant contract in June 2019, at a total consideration of RMB71.0 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)				
17,695	–	801	8,403	26,899	December 2019	December 2022

37. ***Nanjing Upper Joy Garden (南京尚上悦苑)***

Nanjing Upper Joy Garden, located in Nanjing, Jiangsu Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 7,232 sq.m., with a total planned GFA of approximately 26,273 sq.m. This project is developed by Nanjing Hongxun. The project company entered in to the relevant land grant contract in May 2019, at a total consideration of RMB280.0 million. As of the Valuation Date, our Group held a 30.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)				
15,540	2,346	195	8,193	26,273	August 2019	November 2021

38. ***Nanjing Joy River South (南京和悦江南)***

Nanjing Joy River South, located in Nanjing, Jiangsu Province, primarily comprises low-rise apartment buildings. This project occupies a total site area of approximately 10,665 sq.m., with a total planned GFA of approximately 18,693 sq.m. This project is developed by Nanjing Chunxun Real Estate Co., Ltd. (南京淳巽置業有限公司). The project company entered into the relevant land grant contract in August 2019, at a total consideration of RMB54.4 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development				Actual Commencement Date	Estimated Completion Date
Residential	Ancillary	Car parks	Total		
	(in sq.m.)				
13,116	731	4,846	18,693	April 2020	December 2021

39. ***Nanjing Elegance (南京和悦風華)***

Nanjing Elegance, located in Nanjing, Jiangsu Province, primarily comprises mid-rise apartment buildings. This project occupies a total site area of approximately 39,288 sq.m., with a total planned GFA of approximately 78,369 sq.m. This project is developed by Nanjing Xixun Real Estate Co., Ltd. (南京溪巽置業有限公司). The project company entered into the relevant land grant contract in August 2019, at a total consideration of RMB209.0 million. As of the Valuation Date, our Group held a 100.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Estimated GFA Held For Future Development				Actual Commencement Date	Estimated Completion Date
Residential	Ancillary	Car parks	Total		
	(in sq.m.)				
53,793	4,675	19,902	78,369	June 2020	October 2022

40. ***Wuxi Xinghuiyuan (無錫星輝苑)***

Wuxi Xinghuiyuan, located in Wuxi, Jiangsu Province, primarily comprises high-rise apartment buildings, mid to low-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 63,132 sq.m., with a total planned GFA of approximately 181,897 sq.m. This project is developed by Jiangyin Chengrun Real Estate Co., Ltd. (江陰市澄潤置業有限公司). The project company entered into the relevant land grant contract in August 2020, at a total consideration of RMB509.8 million.

As of the Valuation Date, our Group held a 30.6% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Total Estimated GFA Held For Future Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total	Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)					(in sq.m.)				
63,050	4,547	1,486	43,089	112,172	69,425	-	300	-	69,725	December 2020	January 2024

41. ***Wuxi Xingguangyuan (無錫星光苑)***

Wuxi Xingguangyuan, located in Wuxi, Jiangsu Province, primarily comprises high-rise apartment buildings, mid to low-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 29,085 sq.m., with a total planned GFA of approximately 108,032 sq.m. This project is developed by Jiangyin Xurun Real Estate Co., Ltd (江陰市旭潤置業有限公司). The project company entered into the relevant land grant contract in August 2020, at a total consideration of RMB336.8 million.

As of the Valuation Date, our Group held a 30.6% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)				
85,464	430	1,359	20,781	108,032	October 2020	March 2023

42. ***Wuxi Lanjing Yayuan (無錫瀾景雅苑)***

Wuxi Lanjing Yayuan, located in Wuxi, Jiangsu Province, primarily comprises high-rise apartment buildings, mid to low-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 16,905 sq.m., with a total planned GFA of approximately 45,744 sq.m. This project is developed by Jiangyin Liangsheng Real Estate Co., Ltd. (江陰梁晟置業有限公司). The project company entered into the relevant land grant contract in November 2020, at a total consideration of RMB102.9 million.

As of the Valuation Date, our Group held a 51.0% interest in the project.

Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)				
32,210	551	959	12,024	45,744	January 2021	May 2023

43. ***Wuxi Donggang Land Parcel (無錫東港地塊)***

Wuxi Donggang Land Parcel, located in Wuxi, Jiangsu Province, primarily comprises high-rise apartment buildings, mid to low-rise apartment buildings and commercial spaces. This project occupies a total site area of approximately 15,674 sq.m., with a total planned GFA of approximately 36,050 sq.m. This project is developed by Wuxi Xunyi Real Estate Co., LtD (無錫巽億置業有限公司). The project company entered into the relevant land grant contract in February 2021, at a total consideration of RMB217.8 million.

As of the Valuation Date, our Group held a 100.0% interest in the project. Construction of this project is estimated to commence in June 2021 and be completed in December 2023.

Project developed by our associate

Anhui Province

Hefei

44. ***Hefei Yuehu Xinzhu (合肥悦湖新著)***

Hefei Yuehu Xinzhu, located in Hefei, Anhui Province, primarily comprises high-rise apartment buildings and commercial spaces. This project occupies a total site area of 67,834 sq.m., with a total planned GFA of 175,700 sq.m. This project is developed by Hefei Liangjin Corporate Management and Advisory Co., Ltd (合肥梁錦企業管理咨詢有限公司), an associate of our Group. The project company entered into the relevant land grant contract in August 2019 at a total consideration of RMB905.6 million for the purchase of the land. As of the Valuation Date, our Group held a 17.3% interest in the project.

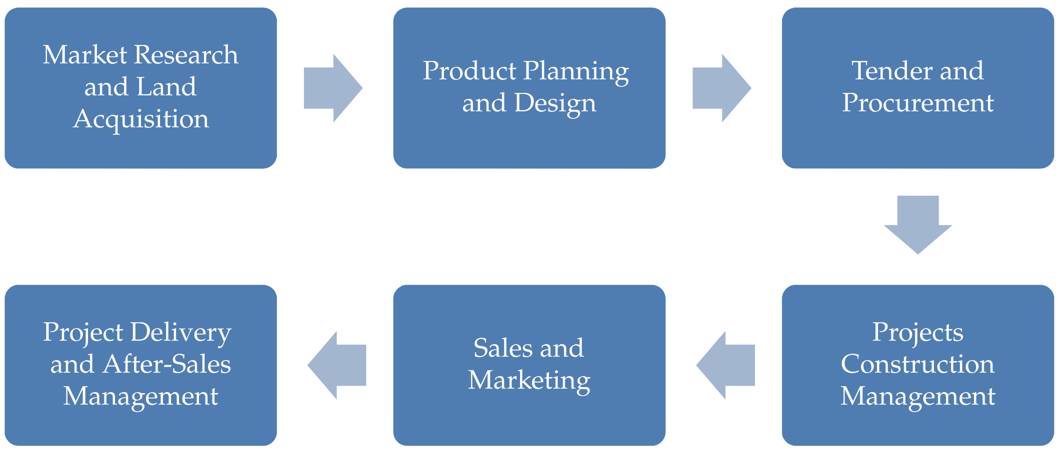
Based on our internal record, details of this project as of April 30, 2021 were as follows:

Total Planned GFA under Development					Total Estimated GFA Held For Future Development					Actual Commencement Date	Estimated Completion Date
Residential	Commercial	Ancillary	Car parks	Total	Residential	Commercial	Ancillary	Car parks	Total		
		(in sq.m.)					*(in sq.m.)*				
106,971	-	10,910	3,106	120,987	16,180	465	2,943	35,126	54,714	December 2019	May 2022

OUR PROJECT OPERATION AND MANAGEMENT

Our Project Development Process

We have developed a standardized project development process for residential properties. The diagram below sets forth the major stages typically involved in our development of a property project:



Market Research and Land Acquisition

Market Research

We typically select sites for the development of our projects in fast-growing and populous cities and cities with growth potential. When selecting land acquisition targets, we adopt a deep-plow strategy in cities where we have established presence and take a cautious approach in entering new cities. We select one or a few core cities in each region when we enter into the market. After gaining a foothold in the core cities, we expand our presence in each region by continuously penetrating into other cities which we believe have high growth potential. While developing new projects in the same region, we believe our successful experience in the core cities contributes to accurate market positioning, effective cost control and risk management. We believe our regional deep-plow investment strategy enables us to utilize our experience and resources in each region and achieve a balance between expansion and stability.

We adopt a standard and prudent land acquisition policy. Before acquiring a parcel of land, our management will consider key factors that influence the growth of the local property market and conduct a detailed feasibility study which includes a market and land parcel analysis using metrics such as projected return and economic dynamics. We closely monitor the market and land price movements, and aim to acquire land when land prices are relatively low. To control the risks related to land acquisition, we also engage professional parties from time to time to conduct due diligence on the targets when we acquire land parcels.

The key factors we consider in site selection include, among others, the following:

- general economic conditions and development prospects of a city;
- population density of the city and the local areas, particularly the surrounding area;
- infrastructure, urban planning and the development plan of the local government;
- income levels and purchasing power of local residents;
- growth trend of the local property market;
- scale and price of land parcels in the city;
- location of the site in the city, proximity to the city center and access to transport and public facilities;
- suitability of the site for our product positioning; and
- estimated development costs and time and expected investment returns.

We devote significant management resources to the site selection process, which involves collaboration among multiple departments. We have a dedicated and experienced land acquisition team to identify suitable acquisition opportunities, conduct legal risk analysis, negotiate with counterparties and execute acquisition transactions. Our site selection process is led by our investment and development center which is responsible for identifying a potential project, conducting market research and performing preliminary screening. Our investment and development center coordinates with other functional centers including research and design center, sales management center, cost management center and financial management center to formulate a detailed feasibility study, which will be submitted to the Investment Committee for review and approval by vote. The Investment Committee consists of the Chairman of our Board, the President, the Vice President, the Chief Financial Director, the head of strategy and investment center, the regional manager and regional investment center officer. See "Directors and Senior Management" in this prospectus for the experience and qualification of the members of the Investment Review Committee.

Land Acquisition

As of the Latest Practicable Date, we obtained most of our land parcels through participating in government organized auctions and the public listing-for-sale process. From time to time we may also obtain land parcels through equity interest acquisitions or through cooperation with other well-known middle- to large-sized property developers, such as Redsun Properties Group Limited and Shanghai Dafa Properties Group Limited. When deciding to whom the land use rights should be granted, the relevant government authorities may consider not only the bidding price, but also the bidder's qualifications, among other things. Under the current PRC laws and regulations, land use rights for the purpose of industrial use, commercial use, tourism, entertainment and commodity housing developments must be granted by the government through public auctions or listing-for-sale process.

As of April 30, 2021, the site area of land acquired through government organized auctions and public listing-for-sale process amounted to 1,776,770 sq.m., and the site area of land acquired through mergers and acquisitions and cooperations with other developers amounted to 722,097 sq.m.

Our business is subject to extensive regulations. In particular, we are sensitive to policy changes in the PRC property sector. To control the overheated property market, the PRC governments have implemented a series of measures, discouraging speculative investments and increasing the supply of affordable residential properties. See the sections entitled "Industry Overview" and "Regulatory Overview" in this prospectus. We currently focus on developing properties that target customers who are either first-time home purchasers, first-time home upgraders or optional home upgraders, which mainly represent property development activities that are encouraged under the current regulatory environment in the PRC. Moreover, during the Track Record Period, we strategically focused on cities that were still at a fast urbanization stage. As a result, we believe that we are less susceptible to the restrictive measures and will continue to benefit from the continued economic growth and urbanization, as well as the government policies to foster the continued growth of the property market in the PRC.

In recent years, the PRC government has implemented a number of rules and policies to promote shanty town redevelopment. See "Regulatory Overview—Measures on Stabilizing Housing Prices—Redevelopment of Shantytown Areas" in this prospectus. We believe such rules and policies will bring us development opportunities. During the Track Record Period, we had also participated in urban redevelopment projects. We had entered into cooperation agreements with local governments on August 24, 2018 and November 3, 2018, respectively, under the urban redevelopment policy to develop certain land parcels in cities such as Huaibei and Xuzhou. The local governments are responsible for demolition of existing buildings and resettlement of existing residents within an agreed timeframe. We undertake the subsequent construction of properties and ancillary facilities. We must complete construction within a time frame as agreed in the respective cooperation agreement. Notwithstanding the cooperation agreement we entered into with the local government, we are required to go through the public auctions or listing-for-sale process under the relevant PRC laws and rules before we can obtain the land use rights with respect to the land parcels under such cooperation agreement. The relevant local government shall purchase a certain portion of the properties we develop after completion of property development as agreed in the respective agreement and we have the right to dispose of the remaining properties, if any. We shall pay a security aftersigning the cooperation agreement. If we cannot acquire the underlying land parcels after going through the public listing-for-sale process, we will be entitled to a full refund of the security. Pursuant to the cooperation agreements we entered into with the local governments, we are required to, among other things, (i) deposit land premium to designated account provided by the local government; (ii) comply with the tender, environmental and design requirements before commencing construction; and (iii) engage qualified construction companies for construction of the relevant projects and complete on time. Meanwhile, the local government is required to, among other things, (i) extend favorable policies to us under the shanty town redevelopment plan; (ii) facilitate us to obtain the required approvals from relevant authorities such as planning bureau and environmental protection bureau; and (iii) assist the installation of municipal facilities such as drainage, gas and electricity. For our redevelopment project in Huaibei, as of the Latest Practicable Date, the expected total development costs were RMB754.3 million and we have made payment of incurred security deposits of RMB10 million. If we successfully acquire the underlying land parcels after going through the public listing-for-sale process, such security deposit will partially offset the land premium to be paid by us, otherwise such security deposits will be fully refunded without interests. As of the Latest Practicable Date, we had incurred redevelopment costs of RMB0.4 million for our redevelopment project in Huaibei, and such cost we have incurred would not be fully recovered in the event that we fail to obtain the relevant land parcel. During the Track Record Period, we also entered into an urban redevelopment cooperation agreement with the local government in Xuzhou. As of March 31, 2020, the urban redevelopment project in Xuzhou had been suspended and our deposits for such project had been fully refunded.

If we complete all urban redevelopment projects and successfully win the bid at the land auctions and the public listing-for-sale process, we could obtain additional land parcels with an estimated site area of 460,805 sq.m.

In conjunction with the acquisition of land use rights from the PRC government, property developers in the PRC are required to pay a land grant premium to the relevant government authorities and apply for a land use rights certificate conferring land use rights. In general, upon the payment of the land grant premium to the relevant land authorities, land use rights are granted for a term of 70 years for residential properties, 40 years for mixed-use complexes and 50 years for office complexes.

Project Planning and Design

Our research and design center at the headquarters is responsible for product research and development, and supervising the planning and design of products. We have strong in-house research capabilities with a dedicated product research and development department at the headquarters. Our regional design management department is responsible for implementing the designs provided by the research and design center at the headquarters and executing the entire design process of the project. We have established standardized designs, components and modules for our projects to ensure efficiency and cost control. While adapting and revising these standard designs to our development projects, we primarily take into account government policies, product positioning and market conditions.

Our mission of product design is "Creating a Happy Life," adhering to the people-oriented, customer-centric design philosophy. We pay attention to details. Based on the research, we strive to provide products that meet customers' needs and value enhancement based on customers' preferences, lifestyles and habits. We also pay attention to environmental protection and energy saving. In addition to meeting the functionality requirements, we select sustainable building materials and process practices. Moreover, we focus on the physical and mental health of our customers, and strive to provide quality indoor facilities, landscape and customer service. We believe that our dedication on planning and design can provide customers with premium experience and create a happy life for our customers.

When developing a project, our research and design center at the headquarters reviews the master planning, project scale and design specifications for the project. They ensure that the master design concept and design plan meet our internal design philosophy and standards and conform to our cost control and operational requirements. In addition, supported by our standardized product series, our regional design management department collaborates with relevant departments at our headquarters and third-party architectural and design firms during the planning and design process to prepare more detailed design drawings.

We typically select third-party architectural and design firms to conduct our architectural and design work on a project-by-project basis and request such potential firms to provide a proposal with a fee quote, which shall be approved by our tender and procurement committee at the headquarters. In making our decision, we consider their proposed design concepts, former experience with major property developers, innovation capability, reputation for reliability and quality as well as our previous experience working with them and the price of their proposed services. We have cooperated with several leading third-party architectural planning and design firms, such as D.O. Design (上海帝奧建築設計有限公司) and TWAD (上海拓觀建築規劃設計有限公司) and expect to deepen our cooperation with such firms in the future. These firms are architects and designers that have demonstrated strong design capabilities and good understanding of our standards and requirements. As such, we believe these firms will be able to efficiently assist us and reduce the overall timeframe required for product design and development.

Tender and Procurement

Contractors and Subcontractors

We outsource all the construction work of our property development projects to qualified contractors who are Independent Third Parties, except for Anhui Qiaoyi Garden Construction Co., Ltd. (安徽喬藝園林景觀建設有限公司), which is a related party of ours. The general contractors of our property developments are primarily selected through an invite-only tender process. We usually engage a general contractor for the major construction of a project, including main structure construction, equipment installation and engineering work. Certain of the general contractors who we have worked with hold the Premium Grade Constructor Qualification (建築工程施工總承包特級) in the PRC. We entered into strategic cooperative agreements with two leading regional contractors in China, namely Anhui No. 3 Construction Co. Ltd. (安徽三建工程有限公司) and Hefei Construction and Engineering Group (合肥建工集團有限公司) on April 2, 2019 and April 1, 2019, respectively, who have been working with us for a long time and have kept a strong record of performance. In addition, we involve specialized contractors in specific areas, such as landscaping, curtain wall system, lighting system and intelligent entrance security control system.

The salient terms of the above-mentioned strategic cooperation agreements entered with our contractors and/or subcontractors include:

- Cooperation on property development: upon mutual assent, both parties shall participate in the property projects obtained by the other party through capital injection or equity transfer and jointly develop such projects;

- Cooperation on project contracting: we agree to add the contractors to our strategic supplier list, and cooperate with the contractor on the construction of our existing projects under development and projects for future development in line with market practices;

- Cooperation on expansion in new markets: both parties shall cooperate to jointly expand into new markets by establishing a joint market development team to carry out the business expansion and project development plan;

- Brand protection: both parties shall not use the trademarks and logos owned by the other for advertising or business promotion without obtaining prior written consent from the owner of such trademarks and logos;

- Intellectual property rights: both parties warrant that all work results and other creative products delivered to the other party during the performance of the strategic cooperation agreement shall not infringe the intellectual property rights, trade secrets and other legitimate rights and interests of any third party; and

- Term of cooperation: the duration of the strategic cooperation agreement is two years since the effective date.

The tender process is managed by the tender department at our local companies and our headquarters. As of December 31, 2020, we maintained a database of more than 350 approved qualified contractors from which we select to attend the tender process in accordance with the relevant PRC laws and regulations. We conduct due diligence on major potential contractors, such as inspecting their credentials and conducting on-site inspection on their offices and property projects. Only those contractors who have passed our due diligence are admitted to our database. We seek tenders from at least three contractors for one bid from our database of approved qualified contractors and conduct price and quality assessment on such contractors. In selecting the winning bid, we typically consider the contractors' professional qualifications, technical capabilities, industry reputation, construction team in charge of the potential project, track record and price. We also engage contractors with whom we have a long-standing cooperation relationship directly without going through the tender process from time to time.

We will enter into construction agreements with general contractors and subcontractors based on the standard template provided by the relevant governmental authorities. Pursuant to such agreements, the general contractors and subcontractors are obliged to undertake the entire construction work in strict compliance with laws and regulations as well as our design specifications and time schedules. We typically pay contractors progress fees periodically upon our acceptance of services rendered during a specified period. Depending on the terms of the relevant agreements, such progress fees typically equal approximately 70.0% to 80.0% of the contract price proportionate to the volume of services rendered and accepted. Further, upon completion of the project, we typically pay the contractors completion fees that, together with the progress fees paid, typically account for approximately 95.0% to 97.0% of the total contract price. The remaining 3.0% to 5.0% of contract price is typically held as retention money for quality warranty purposes. The construction contractors are generally required to provide us with a warranty period typically ranging from one to two years, for any losses we may incur as a result of not being able to meet contractually specified quality standards. The unused portion of the retention fee will be returned to the contractors after the warranty period has expired. We may also agree to settle the retention fee by installments over the warranty period. However, we will also be able to claw back any portion of such retention fee already remitted to the contractor to cover any losses that we may incur that is greater than the unremitted portion. In addition, under circumstances where the construction schedules are delayed for more than the period of time as stipulated in the agreements, we will also be entitled to a pre-determined amount as a penalty payment and, in some cases, we will have the right to terminate the agreements. As of December 31, 2020, we withheld retention fee of approximately RMB57.1 million. Such retention fee is typically 3% to 5% of the contract amount which, in line with general industry practice, was expected to be released one or two years after the completion of construction. Our Directors believe that during the Track Record Period and up to the Latest Practicable Date, the amount of retention fee we withheld under our construction contracts was in line with the industry practice in the PRC and was sufficient to cover the construction warranties we provided to our customers under the sales contracts.

Procurement

We are responsible for purchasing certain specialized building materials and equipment such as elevators and air conditioning systems directly from suppliers. We typically procure materials from our database of approved qualified suppliers or through tender process to ensure quality. We collect information about suppliers, such as quality of service and pricing, and create a database which are regularly reviewed and updated. We seek tenders from at least three suppliers from our database of approved suppliers for one bid and conduct price and quality assessment on these suppliers. In deciding the winning bid, apart from price, we consider factors such as product and service quality and suitability of such suppliers to our potential projects. We also engage suppliers with whom we have a long-standing cooperation relationship directly without going through the tender process from time to time. We maintain long-term procurement agreements with several leading suppliers and as of the Latest Practicable Date, we entered into strategic cooperation agreements with three suppliers on August 1, 2019, September 14, 2019 and November 13, 2019, respectively.

The salient terms of the above-mentioned strategic cooperation agreements entered with our suppliers include:

- Cooperation on supplying products and services: we entered strategic cooperation agreements with our suppliers to provide entrance doors and maintenance services;

- Payment methods: Pursuant to the strategic cooperation agreements with entrance door suppliers, we usually pay 30%, 60%, 85% and 95% of the total contract price upon delivery, installment, acceptance and settlement, respectively, and withhold 5% of the total contract price as the quality guarantee deposit, which will be paid within one month after the expiration of the two-year quality guarantee period. Pursuant to the strategic cooperation agreements with maintenance services suppliers, we usually make payments on a monthly basis, and we pay 80% of the total contract price upon acceptance and 95% of the total contract price within 30 days after settlement. We withhold 5% of the total contract price as the quality guarantee deposit, which will be paid within one year after the maintenance work is completed; and

- Term of cooperation: the term of the strategic cooperation agreement is two years since the effective date.

Most building construction materials, such as steel and cement, are procured by contractors we engage. We typically designate the brands and quality requirements of these construction materials as part of our construction agreements. With respect to most of our general contracting agreements, the construction contract price will be adjusted if the market price fluctuation of such materials exceeds a certain threshold, and we, as a result, will bear the risks or enjoy the benefits associated with such price increases or decreases outside this range. We can partially offset the potential increases in raw material costs by adjusting the prices of our products. However, we still bear the risk of price fluctuations in raw materials to the extent that we are unable to increase our prices to fully cover any increases in costs. Our construction materials are primarily purchased from suppliers in the PRC.

The operation management center at our headquarters and the individual construction management teams of our city companies oversee the quality of each project development, conduct periodical on-site inspection and pre-examine the construction materials before they are used in the projects. For certain specialized building materials and equipment we procure on our own, we generally do not maintain construction material inventory, but order these materials and equipment only on an as-needed basis. We generally implement centralized procurement of those that can be used in our projects all over the country, such as elevators and air conditioning system, to benefit from economies of scale. For the materials and equipment that need to be tailored to the local preferences, such as interior decoration materials, generally our headquarters and regional project companies typically divide their responsibilities for procurement based on the amount of the contract value and the nature of the materials and equipment. During the Track Record Period, we did not experience any shortage or delay in the supply of construction materials and equipment that had a material adverse effect on our business operation.

Project Construction Management

To comply with the relevant PRC laws and regulations, before construction commences, we must first obtain the development rights to the relevant land parcel and the necessary permits and certificates, which include the land use rights certificates, the construction land planning permit, the construction work planning permit and the construction work commencement permit. During the Track Record Period, some of our project companies did not obtain certain permits before commencing construction or did not fully comply with certain permits. We have improved our internal control measures to ensure future compliance. See "—Non-compliance Incidents" in this section. As of the Latest Practicable Date, except for those disclosed in this prospectus, we had obtained land use rights certificates and all other relevant certificates and permits as required by the PRC laws and regulations for all of our projects or project phases under development and projects held for future development.

Moreover, we are also required to commence construction of our developments within the time prescribed by the PRC laws and regulations or otherwise our land may be regarded as "idle land" and as a result we may be subject to certain penalties and the idle land might be resumed without any compensation. Under the Measures on Disposing of Idle Land (《閒置土地處置辦法》) promulgated by the MLR on April 28, 1999 and revised on June 1, 2012, "idle land" is defined as the granted state-owned construction land that (i) failed to commence construction within one year from the construction date undertaken in its land grant contract; or (ii) its construction has been suspended for over one year and the area under construction is less than one third of the total area ought to be under construction or the invested capital is less than 25% of the total amount of capital ought to be invested. During the Track Record Period and up to the Latest Practicable Date, we had no idle land and were not required to forfeit any land or pay any idle land fee by the governmental authorities.

Quality Control

High quality properties are critical to our reputation and business success. We have placed, and will continue to place, significant emphasis on quality control over our project development to ensure regulatory compliance and high quality residential products. Quality control starts with the selection of high quality construction contractors; and we have already established long-term relationships with several construction contractors. See "—Tender and Procurement—Contractors and Subcontractors" in this section. We inspect and review the qualifications and performances of these contractors regularly to ensure they are performing up to our standards. We also perform due diligence in the selection of other service providers, such as raw material suppliers, based on factors such as their quality, reputation and performance records.

We have also established a comprehensive set of standardized quality control guidelines that provide detailed requirements as to quality control standards and specifications for all major aspects of our construction processes. As of December 31, 2020, we had 115 employees dedicated to construction management and quality control. Our construction management and quality control teams at our local companies, regional company and headquarters levels and the management teams of the project companies comprise qualified engineers and construction technicians. In addition, we review the quality of our products. We monitor the quality of the products of our contractors, making sure the work products comply with the standards specified under relevant laws and regulations. Moreover, we conduct quality review on the work quality of our contractors and our employees periodically based on field measurement against our internal quality standards. We typically link the review results to the promotion opportunities and bonuses for our employees as well as the future cooperation opportunities and economic incentives for our contractors. We believe the periodical review will provide us with an objective feedback for construction quality, incentivize our employees and contractors to follow our quality standards, and enhance our overall quality control.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, there were no non-compliance incidents relating to safety or accidents during the construction of our property projects that resulted in material injuries or fatalities of the construction workers. Our Directors further confirm that there was no material violation of currently applicable PRC labor and safety regulations nor were there any material employee safety issues involving our Group during the Track Record Period and up to the Latest Practicable Date.

Progress Control

We have established an internal progress management system that specifies the critical key nodes, master program plans, responsibility allocation and major progress timetable. Supported by such database, we follow up the progress of each project and timely respond to the deviations from the planned schedule. With the support of the project progress database, we can stay aware of the risks of each stage of the process based on our experience, and integrate the resources to prevent such risks from occurring to ensure the completion of the plan. Such system enables us to monitor the pace of each project development in a timely manner and to quickly identify any potential delays to the final schedule. Once a delay to a check point is identified, our project companies and our operation management center at our headquarters will implement remedial measures, including, among others, evaluating the construction unit, optimizing the construction structure and increasing workforce, to shorten the timeframe for future milestones to ensure that the overall project timeline will not be compromised or to reduce the impact of such delay. In addition, we provide detailed project construction timelines in our agreements with third-party construction contractors and closely monitor subcontractors to ensure that such timeline is met. Typically a qualified third-party professional company will facilitate completion of the construction work according to the relevant timeline. We believe evaluations at key stages throughout the process of the project not only ensure that the progress of the project is carried out as planned, but also ensure the high quality of the properties developed.

Cost Control

We have established a comprehensive cost management system to set the relevant budget for our projects, including, among others, standards to assess the different cost components. For each project, the relevant city and project company, as approved by its general manager, shall prepare a master budget, which will be submitted to cost management department of the regional company and then ultimately approved by general manager of regional company or Chairman of our Board.

We have established a dedicated cost management center at our headquarters to approve and monitor all construction and supplier agreements entered into. The cost management center at our regional or project companies level reviews and ensures that the relevant contracted amount and payment schedules are in accordance with those set forth in our master budget. The city companies report the construction contracts and actual costs and provide analysis for the items that have changed significantly. Our cost management center at our headquarter reviews, verifies and analyzes the actual costs incurred in detail on a quarterly basis. Where actual cost exceeds the initially approved budget, the cost management center gives warning to the city companies. The budget will be approved and payment will be arranged after the cost management center reviews the progress payment and the financial management center reviews the amount to be paid. We believe such procedures enable our management to effectively control costs. In addition to our cost control procedures, our centralized procurement of certain specified construction materials and equipment also contribute to our ability to control development costs.

Sales and Marketing

Sales and Marketing Efforts of Our Group

We have established our in-house marketing management team at both headquarters level and regional management level. The marketing management center at our headquarter is in charge of formulating marketing strategies, setting marketing goals, controlling marketing costs and evaluating the performance of the local sales and marketing teams. The sales and marketing teams designated by our management teams at regional company level and local company level, on the other hand, are responsible for the formulation and execution of detailed project marketing plans.

We rely on our own marketing management department for the sale of most of our properties. We believe by establishing and strengthening our own sales and marketing teams and leveraging the supports of our other departments, we are better positioned to gain in-depth understanding of the market to improve our marketing and pricing efforts, and to identify industry trends and customer demands that we can benefit in optimizing our products. Our sales and marketing personnel are incentivized by performance-based compensation packages. We believe we provide relative competitive remuneration packages to our sales and marketing staff, which take into account the performance evaluation of the individual sales and marketing personnel and the overall performance of their teams.

We also occasionally engage independent third-party real estate sales agents depending on market conditions and the sales performance of the particular project to facilitate our sales and marketing efforts. These real estate sales agents promote our property projects through their own marketing networks and bring in potential customers to our project sites. We typically pay a commission based on the total sales amount they make. For the years ended December 31, 2018, 2019 and 2020, we incurred real estate sales agent commissions of RMB2.5 million, RMB4.2 million and RMB25.5 million, respectively.

Our marketing staff are generally involved from the early stage of project development to ensure that our property developments are well positioned and priced by providing valuable information relating to our target market, local pricing information, pricing of competitive projects, customers and estimated sales velocity.

Pre-Sale

We generally commence the pre-sale of our properties after obtaining the pre-sale permit. We sell both roughcast units and units with interior decorations. Prior to starting pre-sale, we typically establish demonstration units and display areas in order to provide visual presentations to our customers as to the quality of our products.

Among others, we must fulfill the following conditions before we can obtain the pre-sale permits:

- the land premium is paid in full and the land use rights certificate has been obtained;
- the construction work planning permit and the construction work commencement permit have been obtained; and
- in terms of the properties put into pre-sale, at least 25% of the total amount of the investment fund has been injected into the development, and the progress of construction and the expected completion and delivery dates have been ascertained.

We record proceeds from the pre-sale of our properties as "contract liabilities" on our consolidated statement of financial position. As of December 31, 2020, our contract liabilities were approximately RMB9,458.9 million. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any significant delays in obtaining the pre-sale permits that materially and adversely affected our operations.

Under the applicable PRC laws and regulations, the use of pre-sale proceeds is restricted to be used primarily for the construction and development of the relevant projects. See "Regulatory Overview—Real Estate Transactions—Pre-sale of Commodity Properties" in this prospectus.

In addition, property developers are also required to use a standard pre-sale contract prescribed by the relevant local authorities. A typical pre-sale contract includes arrangements of, among other things, the total sale price, the payment arrangement, whether the property has interior decoration, liabilities for late payment or default, warranty, registration of individual property ownership certificates and standards for delivery. We typically make our pre-sale contract available to public at the sales office.

Canceled contracted sales are sales transactions canceled after the down-payment and signing of pre-sale contracts. So far as our Directors are aware, canceled contracted sales during the Track Record Period were primarily due to personal reasons of the purchasers under exceptional circumstances and did not have a material adverse effect on our financial condition.

During the Track Record Period, we experienced certain non-compliance incidents relating to pre-sale proceeds (the "**Pre-sale Proceeds Incidents**"). See "—Non-compliance Incidents—Non-compliance Incidents in Relation to Pre-sale Proceeds."

Pricing Policies

Our ability to price our products at desired levels has been, and will continue to be, important to our operations. Generally, we determine the prices of our for-sale properties based on a variety of factors, including relevant laws and regulations, market conditions, competitive landscape, prices of comparable properties in the market, positioning of properties, target customers, locations, types of houses, floors, facing directions, views and cost of construction. We adjust the prices during the sales process based on market responses.

Prior to launching our sales efforts for a project, our investment and development center and marketing management center at our headquarters level, in consultation with our other centers at the headquarters level, establish the overall marketing budget. Total costs incurred such as land use rights costs, construction and labor costs, selling and administrative costs, capitalized interest and tax expenses.

Due to the highly competitive and evolving nature of the real estate industry in China, we are required to constantly monitor the changing market condition and adjust the sales prices of our projects as appropriate. Our project management team will closely monitor and analyze the pricing trends and promotion campaigns of other competing properties as well as the changing policies related to property pricing and propose adjustment to our marketing and pricing strategies as appropriate.

As part of our marketing efforts, during the Track Record Period, we offered discounts to customers who paid the property price in full upon signing the formal sales contracts without mortgage, and customers who purchased more than one property or had multiple purchase records. We believe the above discounts were effective in attracting potential customers and we consider that the discounts granted were in line with the then prevailing market practice.

Payment Arrangements

Generally, our customers can make the payment with or without mortgage financing.

If a customer chooses to pay the purchase price without mortgage financing, we typically request our customers to pay a non-refundable deposit before entering into the sales or pre-sale contract. The deposit will be forfeited if the customer decides not to sign the formal sales or pre-sale contract. Otherwise, the deposit will be applied to settle the purchase price in part after signing the formal sales or pre-sale contracts. The balance of the purchase price is to be paid no later than the date specified in the sales contracts. We usually require customers to pay no less than 20% of the total purchase price on the contract date and to settle the remaining within three months after entering into the pre-sale or sales contracts. When customers choose to fund their purchases through mortgage loans provided by commercial banks, they generally will be required to pay a non-refundable down payment of approximately 20% to 40% of the purchase price upon entering into the sales or pre-sale contracts in accordance with the terms stipulated in the contracts, depending on various factors. See "Regulatory Overview—Real Estate Transactions—Mortgage of Properties" and "Financial Information—Liquidity and Capital Resources—Contingent Liabilities—Mortgage Guarantees" in this prospectus.

Project Delivery and After-Sales Management

Project Completion and Delivery Management

We strive to deliver completed properties to our customers within the timeframe prescribed in the respective pre-sale or sales contracts. Before delivery of properties to our customers, we may obtain the certificates of completion or other certificates as required under the respective sales contracts as well as the local laws and regulations. See "Regulatory Overview—Development of Real Estate Projects—Acceptance and Examination upon Completion of Real Estate Projects" in this prospectus. It typically takes approximately 18 to 30 months from the commencement of pre-sale to the date of the completion certificate, depending on the scale of the properties and the market conditions. Our Directors confirmed that, except as disclosed in "Risk Factors—Risks Relating to Our Business—We may not be able to complete our projects according to their planned schedules and budgets which may adversely affect our business and financial condition," during the Track Record Period and up to the Latest Practicable Date, we did not experience any significant delays in the completion of our projects or delivery of relevant title documents after sales that would materially affect our business operation.

To help ensure timely delivery of our properties, we closely monitor the progress of construction of our projects and conduct pre-delivery property inspections, led by our project companies and operation management center at the headquarters level. Our inspection process starts with the internal inspection of our project companies. Upon passing the project inspection, our customer services management department at the headquarters level arranges a comprehensive pre-delivery examination. Once the properties pass the examination, the customer services management department at the project company level prepares delivery arrangements and delivers the properties. On the day of delivery, personnel from the customer services management department at our headquarters level evaluates the whole delivery process and provides feedback. The delivery process typically includes, among others, confirming the client's identity, signing the delivery agreement, paying the agreed fees and costs, delivering the keys and examining the property.

We will assist our customers in obtaining their individual property ownership certificates by providing all requisite information to the local authorities for registration. The local authorities will then grant an individual property ownership certificate or a land use rights certificate for each property unit afterwards.

Revenue from sale of properties is recognized when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if our Group's performance: (i) provides benefits which are received and consumed simultaneously by the purchaser; (ii) creates and enhances an asset that the purchaser controls as our Group performs; or (iii) does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

During the Track Record Period and up to April 30, 2021, our Group were involved in incidents of delays in delivering properties. During the Track Record Period and up to April 30, 2021, an aggregate of 12 projects, or 2,935 units, located in Chuzhou, Mingguang, Fengyang, Bozhou and Lixin, were involved in such delays in delivery, whether or not resulted in legal proceedings brought by customers against us; among such, five projects, or 202 units, were involved in litigations brought by property purchasers against us in regard to delays in delivery of properties. Further, excluding the impact of deductible causes as illustrated in items (i) through (ii) listed in the paragraph that follows, only eight projects delayed in delivery properties. Such delays in delivery, whether or not resulted in legal proceedings by customers against us, may result in an aggregate estimated contractual damages amounting to approximately RMB22.2 million as of December 31, 2020, of which approximately RMB11.2 million has been settled. Such amount of was determined based on the expected cash outflow calculated on the basis of the suspended construction days not required by the local government, as advised by our PRC Legal Advisor, multiplies the delayed penalty rate provided in the relevant pre-sale contracts entered by the purchasers and us. See "—Legal Proceedings and Material Claims—Legal Proceedings in Connection with Delays in Delivering Properties."

Delays in delivery of properties in Bozhou, Lixin, Mingguang, Fengyang and Chuzhou was primarily due to the following reasons: (i) suspension of construction due to the impact of the COVID-19 epidemic; (ii) local governments of Bozhou and Chuzhou cities (Lixin county is located in Bozhou city and Mingguang and Fengyang counties are located in Chuzhou city) required all property developers, construction contractors and major raw material suppliers for property developers operating in such cities to pause construction/operations during major environmental protection events, or major exams such as college entrance exams; during the Track Record Period, our projects in Bozhou and Chuzhou experienced 21 and 15 pauses, respectively, for the above-mentioned reason, amounting to suspension of construction of 239 days and 150 days in aggregate, respectively; and (iii) the local governments generally did not specify the specific date(s) when property development projects may resume construction at the time when notices of suspension were issued. As such, the several pauses of construction ordered by the local governments as disclosed above under item (i) in aggregate took additional time that typically ranged from 50 to 84 days, even after the suspensions officially ended, for construction contractors to convene/recruit construction workers, for local raw materials suppliers to resume supplies, and for the relevant projects to resume regular construction work. Further, for two of our projects that experienced comparatively longer periods of delay, namely, Chuzhou Left Bank Fragrance (滁州左岸香頌) and Chuzhou Sanyue Lanshan (Langya House) (滁州三悅瀾山(瑯琊府)), project-specific reasons other than the abovementioned generally applicable reasons applied. For Chuzhou Left Bank Fragrance, aside from the abovementioned, delay in delivery of properties was also attributable to our delay in obtaining the completion certificates as the carparks constructed for such properties were fewer than the construction plan. We constructed fewer carparks than originally planned, primarily because of the lack of demand for carparks during the early phases of delivery, and the potential inconvenience that could be caused to residents who already moved in by the construction of the remaining number of carparks. As of the Latest Practicable Date, all buildings of this project have been delivered. As of May 31, 2021, we had finished construction of the remaining number of carparks, involving an aggregate costs of approximately RMB6.2 million. For Chuzhou Sanyue Lanshan (Langya House), aside from the above-mentioned, part of the delay was primarily attributable to the time taken for the local governmental agencies to resolve a discrepancy between the landscape construction plan as approved by the Chuzhou Landscape Bureau (滁州市園林局) (the "**Landscape Bureau**") and the landscape construction plan as approved by the Chuzhou Natural Resources and Zoning Bureau (滁州市自然資源和規劃局) (the "**Zoning Bureau**"). During the completion inspection in November 2019, the Zoning Bureau found the landscape construction to be inconsistent with the preliminary plan as approved by the Zoning Bureau. Such discrepancy arose primarily because the relevant project company further optimized the landscape design as contained in the preliminary landscape construction plan when developing a more detailed landscape construction plan for the Landscape Bureau's review and approval. The discrepancy had been resolved in April 2020, involving an aggregate costs of approximately RMB0.5 million. As of the Latest Practicable Date, Chuzhou Sanyue Lanshan (Langya House) had been inspected and accepted by the Zoning Bureau as deliverable. As advised by our PRC legal counsel representing us in such legal proceedings, we should not be liable for any delay to the extent it results from such governmental requirements. In response to such delays in delivery of properties, we adopted the following internal control measures: we have established a series of internal policies to enhance our internal control measures, including the Construction Progress Control Index (《工程進度控制作業指引》) and the Construction Plan Supervision Guidelines (《工程技術方案審查管理辦法》) to regulate the supervision over project construction. For details, see "—Legal Proceedings and Material Claims—Legal Proceedings in Connection with Delays in Delivering Properties—Rectification Measures."

Warranties

We provide our customers with a warranty for the quality of the structure of the building pursuant to the Measures on the Sales of Commodity Housing (《商品房銷售管理辦法》) and Regulations for the Operations of Urban Property Development (《城市房地產開發經營管理條例》). In addition, we also provide quality warranties for certain fittings and fixtures, if applicable, usually for a period of two months to five years as specified in the Residential Property Quality Warranty (住宅質量保證書), according to the published national standards.

In particular, we provide the following warranties, among others, for our residential properties:

- warranty as to the foundation and main structure of the properties for the period designed for reasonable use of the relevant properties;

- five-year warranty for defects relating to the waterproofing of property surfaces;

- one-year warranty for defects relating to the waterproofing of bathrooms and kitchens, rooms walls, basement and sewage pipes;

- six-month warranty with respect to the electricity and equipment installment;

- warranty with respect to the heater and air conditioning systems for two heating periods and two cooling periods; and

- one-year warranty with respect to the refined decoration work.

All warranty periods commence on the day the properties are deemed as delivered in accordance with relevant contracts. We do not provide warranties with respect to defects that are caused by third parties or improper use and defects resulting from natural disasters. We usually provide quality warranties for periods no shorter than that for quality warranties we receive from our construction contractors under the relevant construction contracts. Our construction contractors are responsible for warranties in respect of the relevant quality standards and for the costs incurred for the relevant maintenance work.

In general, we allow for returns of our properties in circumstances where there are material delays in the delivery of our properties which exceed the periods stipulated in the relevant sales and purchase agreements, material quality defects with respect to our properties, material changes made by us to the design of the properties which result in changes in areas such as property layout, spatial dimension and orientation, and material discrepancies in the GFA of our properties delivered as compared to the GFA stipulated in the sales and purchase agreements.

We may receive customer claims in relation to the quality of real properties that we developed from time to time. Generally, we coordinate with the relevant third-party contractors to respond to such customer claims. Such third-party contractors shall be responsible for the repair at their own costs subject to the warranties provided in the agreements that they entered with us. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material claims and did not receive any material complaints with respect to the quality of our building structures or other fittings which could not be rectified by the relevant contractors in accordance with their warranty provisions of the relevant contracts.

Customer Relationship Management

We rely on our customer services management department to provide after-sales services. Our customer service personnel are also responsible for collecting and analyzing customer data through customer satisfaction surveys in order to improve service quality, identify customer preferences and provide such feedback to the relevant departments to improve various aspects of our operation, such as project design and marketing strategies.

To provide quality product and services to our customers, the customer services management department at the local company level typically do the following:

- offer customer service hotline to provide our customer with an access to our assistants and services;

- conduct "open-house" activities according to the specific conditions of the project; and

- organize customers events and activities.

Delivery of Properties

Delivering quality properties and providing satisfactory purchasing experience to customers are fundamental to the success of our business. We closely monitor the construction progress of our properties and endeavor to deliver properties to our customers within the timeframe specified in the respective sales and purchase agreements and in a manner that complies with the PRC laws and regulations. To speed up the registration and approval process, we have increased our communication with the relevant government authorities to actively follow up on the status of certificate applications. Except for such incidents, we believe that we are able to timely apply for and deliver the property title documents to our customers pursuant to relevant purchase agreements and mortgage agreements, which in turn efficiently reduces the number of customer complaints relating to the delay in delivery of property title documents.

SUPPLIERS AND CUSTOMERS

Our major suppliers are construction contractors and construction material suppliers. During the Track Record Period, we depended on a limited number of major suppliers to operate our businesses. Some of our general contractors are operating entities owned or controlled by the same group. Although we transacted with such operating entities on an individual basis, we aggregated the purchases from such entities and counted the relevant group companies as our major suppliers. As such, purchase from our five largest suppliers accounted for approximately 54.3%, 40.6% and 31.3%, respectively, of our total purchase for the years ended December 31, 2018, 2019 and 2020. Purchase from our single largest supplier accounted for approximately 24.4%, 10.4% and 9.2%, respectively, of our total purchase for the years ended December 31, 2018, 2019 and 2020. All of our five largest suppliers during the Track Record Period were primarily engaged in construction business in the PRC and are Independent Third Parties to us. As of December 31, 2020, our business relationships with these major suppliers had generally been over one year. Other than such business relationship, there is no past or present relationship between each of our five largest suppliers and us and our Shareholders, Directors, senior management, or any of their respective associates.

The tables below sets forth details about our five largest suppliers for each of the year comprising the Track Record Period.

The table below sets forth details of our top five suppliers in the year ended December 31, 2020:

Rank	Supplier	Background information	Registered capital	Ultimate beneficial owner	Services purchased by us	Purchase amount	Percentage of total purchase	Duration of business relationship
						(RMB'000)		*(years)*
1.	Supplier D	Construction and engineering	RMB50 million	Directly owned by certain individuals	General contracting of construction work	229,934	9.2%	3
2.	Supplier A	Construction and engineering	RMB300.1 million	Indirectly owned by certain PRC governmental entities, a company listed on the Stock Exchange and certain other institutions and individuals	General contracting of construction work	203,184	8.2%	4
3.	Supplier J	Construction and engineering	RMB35.0 million	Directly owned by certain individuals	General contracting of construction work	127,238	5.1%	2
4.	Supplier M	Construction and engineering	RMB100.0 million	Directly owned by certain individuals	General contracting of construction work	111,029	4.5%	2
5.	Supplier C	Construction and engineering	RMB797.8 million	Indirectly owned by certain PRC governmental entity, and directly/indirectly owned by certain other institutions and individuals	General contracting of construction work	108,252	4.3%	5
Total purchase from top five suppliers						779,636	31.3%	

This table below sets forth details of our top five suppliers in the year ended December 31, 2019:

Rank	Supplier	Background information	Registered capital	Ultimate beneficial owner	Services purchased by us	Purchase amount	Percentage of total purchase	Duration of business relationship
						(RMB'000)		*(years)*
1.	Supplier A	Construction and engineering	RMB300.1 million	Indirectly owned by certain PRC governmental entities, a company listed on the Stock Exchange and certain other institutions and individuals	General contracting of construction work	227,484	10.4%	4
2.	Supplier B	Construction and engineering	RMB59.7 million	Directly owned by certain individuals	General contracting of construction work	179,861	8.3%	3
3.	Supplier C	Construction and engineering	RMB797.8 million	Indirectly owned by certain PRC governmental entity, and directly/indirectly owned by certain other institutions and individuals	General contracting of construction work	165,364	7.6%	5
4.	Supplier D	Construction and engineering	RMB50 million	Directly owned by certain individuals	General contracting of construction work	155,677	7.1%	3
5.	Supplier E	Construction and engineering	RMB120 million	Directly owned by certain individuals	General contracting of construction work	154,871	7.1%	3
Total purchase from top five suppliers						883,257	40.6%	

This table below sets forth details of our top five suppliers in the year ended December 31, 2018:

Rank	Supplier	Background information	Registered capital	Ultimate beneficial owner	Services purchased by us	Purchase amount	Percentage of total purchase	Duration of business relationship
						(RMB'000)		*(years)*
1.	Supplier C	Construction and engineering	RMB797.8 million	Indirectly owned by certain PRC governmental entity, and directly/indirectly owned by certain other institutions and individuals	General contracting of construction work	270,567	24.4%	5
2.	Supplier F	Construction and engineering	RMB112.7 million	Indirectly wholly owned by certain governmental entity	General contracting of construction work	98,798	8.9%	4
3.	Supplier G	Construction and engineering	RMB423.2 million	Directly/indirectly owned by certain PRC governmental entities and directly owned by certain other institution and individuals	General contracting of construction work	91,886	8.3%	4
4.	Supplier H	Construction and engineering	RMB301 million	Directly/indirectly owned by certain individuals	General contracting of construction work	79,221	7.2%	7
5.	Supplier A	Construction and engineering	RMB300.1 million	Indirectly owned by certain PRC governmental entities, a company listed on the Stock Exchange and certain other institutions and individuals	General contracting of construction work	61,186	5.5%	4
Total purchase from top five suppliers						601,658	54.3%	

We believe we are able to secure sufficient supplies in a timely manner at comparable cost if one or several of current suppliers fail to provide us with contractor services and raw materials in the quantity and quality meeting our requirements.

Our five largest customers are all individual purchasers of our residential properties. Revenue from our five largest customers accounted for approximately 1.4%, 0.6% and 1.6%, respectively, of our total revenue for the years ended December 31, 2018, 2019 and 2020. Revenue from our single largest customer for the years ended December 31, 2018, 2019 and 2020, accounted for approximately 0.3%, 0.1% and 1.0%, respectively, of our revenue in the same periods.

None of our Directors, their close associates or any Shareholders that, to the knowledge of our Directors, owns more than 5% of our share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers or five largest customers during the Track Record Period. Aside from payment arrangements with suppliers/contractors entered into in our ordinary course of business, which are typically stipulated in relevant agreements with suppliers/contractors, we did not have any other arrangements/agreements regarding in respect of the payments of the construction costs and/or financing during the Track Record Period and as of the Latest Practicable Date.

AWARDS AND RECOGNITIONS

The below table sets forth a summary of the key awards and recognitions of our Group or our properties as of the Latest Practicable Date.

Recipient	Award/Recognition	Awarding Authority	Year
Lingbi Sanxun Real Estate Co., Ltd. (靈璧三巽置業有限公司)	2021 Socially Responsible Enterprises in Anhui's Real Estate Industry (2021安徽房地產行業社會責任企業)	Anhui Real Estate Research Association (安徽房地產研究會)	2021
		Anhui Real Estate Evaluation Center (安徽省房地產測評中心)	
Huaiyuan Sanxun Elegance (懷遠三巽•風華和悦)	2021 Anhui Quality Assured Real Estate Project (2021安徽房地產質量放心樓盤)	Anhui Real Estate Research Association (安徽房地產研究會)	2021
		Anhui Real Estate Evaluation Center (安徽省房地產測評中心)	

Recipient	Award/Recognition	Awarding Authority	Year
Our Group	2020 China Real Estate Enterprises with Most Potential Value (2020年中國最具潛力價值房企)	Leju Holdings Ltd. (樂居財經研究院)	2020
Bozhou Sanxun Real Estate Co., Ltd. (亳州三巽置業有限公司)	Anti-epidemic Caring Enterprises (抗疫愛心企業)	Housing Development Center of Bozhou (亳州市住房發展中心) Real Estate Association of Bozhou (亳州房地產業協會)	2020
Our Group	2020 Top 50 Brand of China Real Estate Companies (2020中國房地產公司品牌價值Top 50)	China Real Estate Top 10 Research	2020
Sanxun Boyue Mansion (三巽•鉑悦府)	2020 Top 10 Brand of China Residential Real Estate (2020中國房地產項目品牌價值Top 10)	China Real Estate Top 10 Research	2020
Our Group	Top 100 Real Estate Companies in China in Terms of Brand Value (中國房企品牌價值Top 100)	EH Consulting (億翰智庫)	2020
Our Group	Top 100 Real Estate Companies in China in Terms of Overall Strength (中國房企綜合實力Top 100)	EH Consulting (億翰智庫)	2020
Our Group	2020 China Top 100 Real Estate Developers (2020年房地產百強企業)	China Real Estate Top 10 Research	2020
Our Group	2020 China Star Real Estate Developers (2020年房地產百強之星)	China Real Estate Top 10 Research	2020
Our Group	Top 100 Real Estate Companies in China in Terms of Brand Value (中國房企品牌價值Top 100)	EH Consulting (億翰智庫)	2019
Our Group	Top 200 Real Estate Companies in China in Terms of Overall Strength (中國房企綜合實力Top 200)	EH Consulting (億翰智庫)	2019

Recipient	Award/Recognition	Awarding Authority	Year
Our Group	Top 5 Local Real Estate Enterprises of Anhui in Terms of Sales (安徽本土房企銷售5強)	Anhui Commerce Association of Real Estate (安徽省房地產商會)	2019
Our Group	Top 10 Real Estate Enterprises of Anhui in Terms of Sales (安徽省房企銷售10強)	Anhui Commerce Association of Real Estate (安徽省房地產商會)	2019
Our Group	8th Place in Anhui's Real Estate Charity List (安徽省本土房企慈善榜第8位)	Anhui Commerce Association of Real Estate (安徽省房地產商會)	2019
Our Group	Fourth Largest Real Estate Company in Terms of Incremental Land Bank (largest among local real estate companies) (安徽省房企新增土儲第4位 (本土房企第1位))	Anhui Commerce Association of Real Estate (安徽省房地產商會)	2019
Mingguang British Mansion (明光英倫華第)	Chuzhou Construction Project "Langya Cup" (Quality Project Award) (2018年度滁州市建設工程「琅琊杯」(市優質工程獎))	The Housing and Urban-Rural Development Bureau of Chuzhou (滁州市住房和城鄉建設局)	2018
Chuzhou Fragrance Shire (滁州香頌名郡)	Construction Project "Huangshan Cup" of Anhui Province (安徽省建設工程「黃山杯」)	The Housing and Urban-Rural Development Department of Anhui Province (安徽省住房城鄉建設廳)	2019
Our Group	Top 10 Leading Anhui Real Estate Enterprises in China (Anhui) (2018年中國(安徽)徽商房地產領軍企業10強)	Xafc.com (新安房產網)	2018
Our Group	Best Strategic Development Engine Entity (2018年度最佳戰略發展引擎組織)	Bonzer Institute (博志成研究院)	2018

COMPETITION

The property market in China is highly fragmented and competitive. Our existing and potential competitors include major domestic developers, who have business operations in cities where we operate or intend to operate. We compete with them in relation to a number of factors, including land acquisition, brand recognition, financial resources, prices, product quality, service quality and other factors. Some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and stronger brand recognition.

In particular, the residential property market in the regions in which we conduct our business, namely Anhui Province, Shandong Province and Jiangsu Province, have been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in major cities in these regions. The rapid development of these regions in recent years has led to a diminishing supply of undeveloped land in desirable locations in the major cities in these regions. Moreover, the PRC government has implemented policies to tightly control the amount of new land available for development. These factors have increased competition and land grant premiums in relation to land made available for development.

We believe that the major competitive factors in the residential property development industry include the geographic location, management expertise, financing, access to transportation infrastructure, size of land bank or other land resources, product quality, brand recognition by customers, customer services and support, pricing and design quality. There is no assurance that we will be able to continue to compete effectively in our industry. See "Risk Factors—Risks Relating to Our Industry—The PRC property industry is highly competitive and we may not compete successfully against existing and new competitors" and "Risk Factors—Risks Relating to Our Business—We may not be successful in managing our growth and expansion into new cities and regions" in this prospectus.

We believe that, with our proven property development capabilities and customer-oriented product offerings, we have demonstrated resiliency to market changes and competition. Further, given our premium brand and strong execution capabilities, we believe we can react promptly to the challenges in the PRC real estate market.

INTELLECTUAL PROPERTY

We place emphasis on developing our brand and have extensive trademark registrations to protect all respects of our brand. As of the Latest Practicable Date, we conducted our business in the PRC under 56 trademarks, and filed an application to register one trademark in Hong Kong. In addition, as of the same date, we registered one domain name www.sanxungroup.com for the website of our Group. See "Statutory and General Information—B. Further Information About Our Business—2. Intellectual Property Rights of Our Group" in Appendix V to this prospectus.

As of 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.

INSURANCE

There are no national mandatory provisions under the relevant PRC laws and regulations requiring property developers to maintain insurance coverage with respect to their property development operations. We do not maintain any insurance policies for our residential property development projects. In addition, we require the general contractors of our development projects to maintain insurance policy in accordance with the contracting agreements.

We believe our practice is with industry norms. However, there are certain risks for which we are not insured, and we may not have sufficient insurance coverage for damages and liabilities that may arise in the course of our business operations. See "Risk Factors —Risks Relating to Our Business—Current insurance coverage may not be adequate to cover all risks related to our operation" in this prospectus.

PROJECT FINANCING

We finance our projects primarily through internal cash flows generated from our operating activities (including proceeds from the pre-sales and sales of properties) and equity contributions from Shareholders. During the Track Record Period, we also entered into certain bank loans and trust and asset management financing arrangements to finance the property development of our projects. See "Financial Information—Indebtedness—Trust and Asset Management Financing Arrangements" in this prospectus. Save for a small portion used as working capital or for general corporate purposes, financings obtained through trust and other financing arrangements are designated for specific construction and development projects of our Group. For the trust and other financings designated for specific projects, we, together with our lenders, take the following measures to ensure that the funds are properly applied as designated: (i) the transactional documents of the financing arrangements typically stipulate the use of proceeds, and provide for practical mechanisms for the lenders to supervise and, for certain of our lenders, inspect the respective borrowing project company's use of proceeds. (ii) we as the borrower also conduct periodic inspection of our use of proceeds to ensure that we strictly comply with the covenants as stipulated in the pertinent transactional documents. We aim to finance our property developments with internal resources to the extent practicable so as to reduce the level of external funding required.

The PRC government has implemented a series of policies restricting, among other things, bank loans, mortgage financing and trust financing arrangements for property development projects, which significantly impacted the availability and cost of financing for real estate developers, including us. In addition, restrictive regulations may also affect the availability and cost of financing for potential property purchasers, such as higher minimum down payment requirements and higher mortgage rates provided by commercial banks. See "Regulatory Overview—Real Estate Financing" in this prospectus. During the Track Record Period, we relied on diverse financing sources for our property projects, and did not experience difficulty in obtaining financing for our operations. Moreover, our operation model has enabled us to achieve relatively high operational efficiency and low leverage ratio. See "—Competitive Strength—High Operational Efficiency Underpinned by Standardized Development Process and Prudent Financial Policies" in this section. As such, we believe such policies have not had and will not have any material adverse impact on us.

As of December 31, 2020, the total estimated future development cost for the projects under development and held for future development amounted to approximately RMB7,725.2 million, based on our current project development schedules and corresponding payment plans, which are subject to changes. We expect to pay RMB3,494.4 million of the future development cost by the end of December 31, 2021, RMB2,523.3 million and RMB1,143.2 million of the future development cost by the end of December 31, 2022 and 2023, respectively. The remaining amount of RMB564.3 million will be paid after 2023. We plan to finance the future development cost for the year ending December 31, 2021 and 2022 with pre-sale proceeds of approximately RMB13,389.4 million, estimated based on our existing projects, our financing arrangements of approximately RMB1,452.0 million, net proceeds from the Global Offering of approximately RMB516.1 million, unutilized credit facilities of approximately RMB2.5 billion, as well as cash from other sources of approximately RMB381.5 million, primarily comprising repayments of advances to non-controlling shareholders approximately RMB355.1 million and interests income of approximately RMB26.4 million.

Our estimates of the amounts of pre-sale proceeds available were prepared based on the following assumptions:

- There will be no material changes in existing government policies or political, legal (including changes in legislations or rules), regulatory, fiscal and economic or market conditions in the PRC and Hong Kong which may have a material adverse effect on the business or financial performance of our Group.

- There will be no significant delay in the issue of land certificates, planning permit, sales permit, planned occupation permits and the obtaining of proper legal titles or approvals for our Group's properties under development.

- While we continuously seek to acquire new land parcels to replenish our land bank primarily through active participation in public auction or tender channels, we however cannot ascertain the exact timing or amount and the success rate of these land acquisition opportunities. For the sake of prudence, we have only budgeted the cash outflows for committed land acquisitions on or before February 28, 2021 and the cash inflows for committed land purchases on or before May 31, 2020.

- There will be no material delay in development schedules especially the completion and delivery timing of projects which we are currently developing, as compared to the current development plan. There will be no other material change in the condition of the property market other than the impact of the outbreak of COVID-19.

- Except for the capital injection by the non-controlling shareholder of our subsidiaries according to the payment schedule of respective land acquisition agreements, no further capital will be raised on group level during the Track Record Period in addition to the Global Offering.

- There will be no further restriction and limitation by the bank or by the government on the cash and cash equivalents generated from the pre-sale activities.

- There will be no material changes in the levels of salaries and wages and other major operating expenses.

We typically estimate the amount of overall financing required for each property development based on the cash flow requirements for each project. In general, the financing requirements for a project or project phase depend on various factors, such as the project location, development progress, the scale of such project and the pre-sale schedule.

We typically start preparing financing plans and assessing the total financing requirements at the early stage of a project. The finance department at project company level typically assesses a range of the total funding required by building a financial model based on the estimated cash flow, future costs and capital investment. The finance department of relevant project company typically obtains the inputs from the finance management center, the cost management center and the project management center at the Group level, and from the finance department, the cost department and the project department at the project company level, respectively.

When determining the type of financing, we usually take into account factors such as costs, terms, credit limit and the complexity of the approval process. Before obtaining requisite land use rights certificates, construction and planning permits, construction work planning permits and construction work commencement permits for a project, we prioritize the financing plans with the most efficient approval process and the highest credit limit while maintaining a relatively acceptable costs. After obtaining such permits, we will prioritize factors such as financing costs and credit limit.

Sale and Pre-Sale Proceeds

We use the proceeds from the pre-sales and sales of our properties to fund part of our construction and labor costs.

Pre-sale proceeds form an integral source of our operating cash flows during project development. According to the applicable PRC laws and regulations, there are certain criteria which must be met before we may commence any pre-sale activities for properties under development, and the use of pre-sale proceeds may be restricted by local governments in cities where we operate. See "Regulatory Overview—Real Estate Transactions—Pre-sale of Commodity Properties" in this prospectus.

Borrowings

As of December 31, 2018, 2019 and 2020, our outstanding borrowings amounted to RMB709.7 million, RMB1,757.1 million and RMB2,096.5 million, respectively. Our ability to obtain financing from banks and other institutions for our projects depends on various policies promulgated by the central and local governments. See "Regulatory Overview—Real Estate Financing—Loans to Real Estate Development Enterprises" in this prospectus.

Trust and Asset Management Financing Arrangements

We enter into financing arrangements with trust companies and asset management companies in the ordinary course of business to finance our property development projects. Compared with bank borrowings, such financing arrangements usually offer greater flexibility in terms of availability, approval schedule and repayment requirements, and therefore is an effective alternative source of funding for some of our project developments, particularly during the tightened banking credit environment. See "Regulatory Overview—Real Estate Financing—Trust and Asset Management Financing" in this prospectus.

As of December 31, 2020, the total amount of trust and asset management financing arrangements outstanding accounted for 37.7% of our total borrowings as of the same date. See "Financial Information—Indebtedness—Trust and Asset Management Financing Arrangements" in this prospectus.

These trust companies and their financing vehicles we have cooperated with are reputable and well-established institutions in the PRC. Save for Financial Institution E, in which Mr. Qian held a 0.67% equity interest, such trust companies and their financing vehicles are Independent Third Parties to us. See "Financial Information—Indebtedness—Trust and Asset Management Financing Arrangements" in this prospectus.

PROPERTIES FOR SELF-USE

As of the Latest Practicable Date, none of the properties for our self-use was owned by us. As of the same date, we, as leasee, rented 9 properties with a total GFA of approximately 10,178.28 sq.m., which were primarily used as office spaces and staff dormitories. Our leases generally have a term ranging from one to two years, and we expect to renew the leases upon their expiry.

As of the Latest Practicable Date, we did not register four lease agreements. We sought cooperation from the landlords at the leased properties to register such executed lease agreements. Registration of lease agreements requires the submission of certain documents of landlords, including their identity documentation and property ownership certificates, to the relevant authorities and therefore the registration is subject to cooperation of landlords which is not within our control. Our PRC Legal Advisor has advised us that the lack of registration will not affect the validity and enforceability of these lease agreements. However, the relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time and, if we fail to so rectify, impose a fine of RMB1,000 to RMB10,000 for each unregistered lease agreement. See "Risk Factors—Risks Relating to Our Business—We may be subject to fines due to the lack of registration of our leases" in this prospectus. As of the Latest Practicable Date, we had not received any rectification order or been subject to any fines in respect of non-registration of any of our lease agreements. As of December 31, 2020, the provision balance for the potential imposition of the above fines was RMB160,000. Our Directors believe these unregistered lease agreements would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statement.

In order to ensure on-going compliance with the PRC laws and regulations relating to the registration of executed lease agreements, where we are the tenant to an executed lease agreement, we have developed an internal rule to facilitate the registration of the agreements with respect to our leased offices. However, as we do not control the landlords, there is no assurance whether and when our landlords will register the leases.

INFORMATION TECHNOLOGY

We rely on the effective operation of our IT system for our business operations. Our IT team under the operation management center is responsible for developing and maintaining an IT system that keeps pace with the expansion of our business and is customized to meet our business needs. The centralized IT system is controlled and operated from our headquarters.

Information Management

We use a set of equipment at our central equipment room for information control and management, including juniper firewall, behavior manager, VPN (Virtual Private Network), and channel authentication. We believe these multi-dimensional measures can help safeguard the overall security of the IT system and information system of our Group.

Our information department regularly checks network access, virus attacks and firewall operations. In line with our security requirements, security patches of various systems and devices will be regularly updated. We also store and backup data at a different location. Moreover, we also have contingency plans for emergencies, making sure that our IT system can remain intact through any irregular situations.

Operation Management System

We rely on the ERP (Enterprise Resource Planning) business system and the financial NC system for overall operation and management:

- ERP system: we rely on the ERP system for front-end sales management, progress management, bidding procurement management and cost control.

- NC system: we conduct financial accounting, general ledger management and financial reporting for all payment and income vouchers through the NC system.

We implement standard management, standard execution, standard monitoring, execution monitoring and report output through the above systems. It supports the online coordination among our headquarters, regional companies and functional departments.

Office Automation System

Our office Automation System primarily consists of the ERP and NC systems, as described above, and the daily OA (Office Automation) system. Our OA system can help us with human resources management, attendance management, administrative management, daily expenses management, various types of demand application management, expense payment management, vehicle management and chop management. All approval processes are implemented in the OA system, which enables us to monitor the entire process.

HEDGING ARRANGEMENTS

During the Track Record Period, we did not enter into any hedging transactions.

EMPLOYEES

As of December 31, 2020, we had 847 full-time employees, all of whom were based in China. The following table sets forth a breakdown of our full-time employees by function as of December 31, 2020:

Function	Number of Employees	% of All Employees
Management	33	3.9%
Finance	94	11.1%
Administration	84	9.9%
Sales and Marketing	379	44.7%
Construction Management and Quality Control	115	13.6%
Cost Control and Procurement	42	5.0%
Product research and development	28	3.3%
Investment	43	5.1%
Operational Management	29	3.4%
Total	**847**	**100%**

As of December 31, 2020, most of our employees were based in Anhui Province.

We actively recruit skilled and qualified personnel in local markets through various channels, such as on-campus recruitment programs, recruiting firms, internal referrals and advertisement on the Internet. We particularly value employees who demonstrate loyalty to their work and who value our corporate culture, as well as those with relevant working experience. We have implemented a variety of training programs for our employees at different levels on a regular basis to meet different requirements and emphasize individual initiative and responsibility. We have Xunhang Program (巽航班) designed for our senior management with the purpose of improving their comprehensive capabilities in innovative thinking and business management. In addition, we have Xunyu Program (巽羽班), Xunying Program (巽英班), Xunyue Program (巽躍班), Xunyuan Program (巽源班), Xunyi Program (巽翼班) and Xunjin Program (巽進班) designed for our employees of marketing management department, cost and procurement department, strategic investment department, human resources and administrative department, design management department and operation management department, respectively, providing training sessions specifically designed for each department.

We offer our employees competitive remuneration packages that include salary, bonus and various allowances. We also contribute to social insurance for our employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds. Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. For the years ended December 31, 2018, 2019 and 2020, we incurred employee benefit expenses of RMB45.4 million, RMB86.3 million and RMB170.6 million, respectively, representing 6.3%, 2.8% and 4.3% of our total revenue in the same periods, respectively.

In addition, our human resources administrative center handles complaints from the employees, liaises between the employees and our management and ensures the legal rights of the employees are protected.

During the Track Record Period and up to the Latest Practicable Date, except as disclosed in this prospectus, we complied with the applicable PRC labor and safety regulations in all material respects and did not encounter any incident or complaint which had a material adverse effect on our operations. See "—Non-compliance Incidents" in this section.

ENVIRONMENTAL MATTERS

We are subject to certain environmental protection laws and regulations, including those relating to air pollution, noise emissions and water and waste discharge. Each of our property development projects is required under PRC laws to undergo environmental impact assessments. We must submit the relevant environmental impact reports, analysis table or registration forms in accordance with certain classification of environmental impact, along with other required documents, for evaluation and approval or filing-record by the authorized environmental protection administrations. The approval from the relevant government authorities will specify the standards applicable to the implementation of the construction project with respect to areas such as air pollution, noise emission and water and waste discharge. Such measures are required to be incorporated into the design, construction and operation of the particular project. Upon the completion of construction of a construction project for which an environment impact report or environment impact statement is formulated, the construction unit shall conduct acceptance inspection of the complementary environmental protection facilities pursuant to the standards and procedures stipulated by the environmental protection administrative authorities of the State Council, and formulate the acceptance inspection report.

We take specific measures to ensure our compliance with the applicable environmental laws and regulations, including: (i) strictly selecting construction contractors to ensure compliance with relevant laws and regulations; (ii) applying for review by the relevant government authorities in a timely manner after the project is completed; and (iii) actively adopting equipment and designs that are in compliance with relevant legal standards. We also take voluntary actions with respect to environmental protection and make energy conservation and emission reduction top considerations when designing our property projects. We expect the annual costs of compliance going forward to be substantially similar, assuming that there will not be any material changes in the environmental protection rules and regulations.

In terms of our governance on environmental, social and climate-related (the "**ESG**") issues, we have implemented various policies which govern the different risks and opportunities by environmental, social and climate-related issues. For example, our environmental protection policy sets out the managing structure as well as measures for environmental protection, in both construction sites and office areas.

Our Directors will be responsible for the monitoring and management of material ESG issues, risks and opportunities, with the assistance by our management. Specifically, our Directors will be principally responsible in setting up our overall ESG vision, goals and strategy, monitoring and reviewing our ESG performance and whether our ESG vision is thus fulfilled. We also intend to establish communication channels with stakeholders, so that we could review the issues material to stakeholders, and monitor how our environmental, social and climate-related performance has impacted different stakeholders.

We identified the material environmental, social and climate-related issues highly related to our business, with reference to the materiality maps provided by well-known external institutions including the ESG Industry Materiality Map by MSCI and SASB Materiality Map by Sustainability Accounting Standards Board (SASB), and with the assistance from third-party ESG consultants. The table below sets forth the environmental, social and climate-related issues that may potentially lead to various risks and opportunities to us.

Material Issues	**Potential Risks, Opportunities and Impacts**
Transition to green building	Given the nature of our business, we have the opportunity to develop green buildings which can be more energy efficient and environmentally friendly. While this may potentially incur a cost for new equipment and facilities in the short term and increase operational cost, our environmental performance may be enhanced.
Energy management	Ineffective energy management may potentially lead to excessive energy usage, which leads to increased operational cost due to unnecessary usage of energy.

Material Issues	**Potential Risks, Opportunities and Impacts**
Water & wastewater management	Inefficient water and wastewater management may put our Group at risk of being non-compliant with relevant laws and regulations, which may in turn lead to potential increase of compliance costs and cost to upgrade current water and wastewater treatment facilities.
Physical impacts of climate change	Climate change may lead to risks like more frequent extreme weather conditions. Such risks may lead to potential physical impacts such as potentially more damage in construction sites and delayed project lead times, which may ultimately cause increased operational costs.
Human capital development	The health and safety of employees may be put at risk due to climate-related issues, such as increasingly frequent extreme weather conditions. Meanwhile, strong human capital development may lead to a stronger employee base and a lower turnover rate.
Product design and lifecycle management	Our reputation as a property developer may be damaged if the properties are designed and constructed in an environment-unfriendly manner.

We have established in place various measures to mitigate and manage the risks and opportunities from environmental, social and climate-related issues. For instance, our Group will purchase property insurance to protect assets from damages caused by climate changes. We have also set out measures for wastewater control at our construction sites in order to mitigate the potential risks and impacts in water and wastewater management, such as (i) ensuring that rainwater pipes and wastewater pipes are separated, and (ii) assigning specific personnel for wastewater management.

Meanwhile, in order to mitigate the potential risks in relation to occupational health and safety, our operations area management policy sets out various workplace safety measures, such as the prohibition of storage of explosives in workplace. In addition, we also provide workplace health and safety trainings to our employees.

We have taken into account the quantitative information that reflects our management on environmental, social and climate risks. We have incurred approximately RMB0.8 million, RMB0.8 million and RMB1.1 million in 2018, 2019 and 2020, respectively, as ESG compliance costs. Such costs include costs for environmental impact assessments, waste management and green building design. We have set targets regarding the expenses for ESG-related compliance and risk mitigation in 2021, 2022 and 2023, of which the expected amounts will be approximately RMB1.3 million, RMB1.5 million and RMB1.6 million, respectively.

We have also accounted for our environmental performance, namely greenhouse gas emissions and resource consumption, which also reflects our management for ESG risks. Greenhouse gas emissions consists of Scope 1 and Scope 2 emissions: (i) Scope 1 direct emissions include the greenhouse gas emissions from stationary combustion sources and vehicles; and (ii) Scope 2 energy indirect emissions include the greenhouse gas emissions from usage of purchased electricity. We have taken ten subsidiaries with highest revenue contribution in 2020 into consideration for the following quantitative analysis:

Emissions	**2020**
Greenhouse gas emissions (tonnes CO_2 equivalent)	5,602
Scope 1 (direct emissions) (tonnes CO_2 equivalent)	2,615
Scope 2 (indirect emissions) (tonnes CO_2 equivalent)	2,987
Intensity of greenhouse gas emissions (tonnes CO_2 equivalent/ million RMB revenue)	1.55

Resource Consumption	**2020**
Water consumption (m^3)	189,216
Intensity of water consumption (m^3/ million RMB revenue)	52.20
Energy consumption (MWh)	16,458
Direct consumption (MWh)	12,443
Indirect consumption (MWh)	4,015
Intensity of energy consumption (MWh/ million RMB revenue)	4.54

None of our properties had received any material fines or penalties associated with the breach of any environmental laws or regulations during the Track Record Period and up to the Latest Practicable Date.

HEALTH AND SAFETY MATTERS

We are subject to various PRC laws and regulations with respect to occupational health and safety. We have established a set of guidelines on issues relating to occupational health and safety and have developed a comprehensive management system to implement our policies and procedures in this respect. In addition, we provide regular training to our employees on topics relating to occupational health and safety to enhance the awareness and knowledge of our employees.

Under the applicable PRC laws and regulations, our construction contractors are responsible for the safety of the construction sites and are required to maintain accident insurance of their workers. We generally require our construction contractors to purchase accident insurance in accordance with applicable PRC laws and regulations, adopt effective occupational safety control measures and offer regular training to workers who are exposed to the risk of occupational injuries.

We are committed to providing our employees with a safe and hygienic working environment. To ensure construction quality and safety, we have established a set of standards and specifications which we require both our own workers as well as workers employed by third-party construction contractors to follow during the construction process. We closely monitor each project at every major stage to ensure the construction process is in compliance with relevant PRC laws and regulations. We also engage independent third-party supervising companies to monitor the safety of our construction sites throughout the construction process.

During the Track Record Period and up to the Latest Practicable Date, the construction contractors engaged by us had not encountered incidents while constructing our projects that resulted in material injuries or fatalities of construction workers that had a material adverse effect on our operations.

LEGAL PROCEEDINGS AND MATERIAL CLAIMS

As a property developer in the PRC, our Group may face arbitration, litigation or administrative proceedings or disputes in the ordinary course of business. As of the Latest Practicable Date, we were involved as defendants in the following material legal proceedings. Saved as legal proceedings disclosed as follows, we were not involved in any material legal proceedings or claims during the Track Record Period and up to the Latest Practicable Date.

Legal Proceedings in Connection with Delays in Delivering Properties

Delays in Delivering Properties

During the Track Record Period, an aggregate of 12 projects, or 2,935 units, located in Chuzhou, Mingguang, Fengyang, Bozhou and Lixin, were involved in delays in delivery of properties, among such, five projects, or 202 units, were involved in litigations brought by property purchasers against us in regard to delays in delivery of properties. During the Track Record Period, we had encountered 202 litigations related to delays in delivering properties, involving claims in the aggregate value of approximately RMB13.9 million and resulted in judgments in the aggregate amount of RMB6.8 million, brought against us by our customers. Five of our projects located in Bozhou, Chuzhou and Lixin, respectively, were involved in these legal proceedings. As of the Latest Practicable Date, we had settled one of the 202 cases by delivering the properties to the customer and paying a total compensation of RMB5.7 million; and 201 cases were concluded, details of the court decisions are as follows: (i) trial courts of 12 cases decided for us and rejected the plaintiffs' claims; (ii) 131 cases received court decisions that we shall pay the plaintiffs liquidated damages in an aggregate amount of RMB1.1 million for delayed delivery after deducting the number of days of suspension as required by the government, where the amount of liquidated damages varies from approximately RMB1,300 to RMB24,000 depending on the number of days of suspension, the actual number of days of delay in delivery and the liquidated damage as stipulated in the contract; and (iii) 58 cases were withdrawn. As of April 30, 2021, none of the legal proceedings in relation to claims arising from delayed delivery of properties remained pending.

In addition, we may be subject to additional liabilities if similar legal proceedings arise in the future. We made provisions of RMB11.0 million as of December 31, 2020 regarding potential litigations arising out of delays in delivery of properties of such projects where we may be contractually liable. The amount of such provisions was determined based on the expected cash outflow calculated on the basis of the suspended construction days not required by the local government, as advised by our PRC Legal Advisor, multiplies the delayed penalty rate provided in the relevant pre-sale contracts entered by the purchasers and us. Taking into account the total amount we were obligated to pay pursuant to the judgments that have already been entered, our Directors are of the view that such provisions are adequate.

Reason for Delays in Delivery

With respect to the delays in delivery of properties involved in legal proceedings, as advised by our PRC legal counsel representing us in such legal proceedings, delay in delivery of properties in Bozhou, Lixin, Mingguang, Fengyang and Chuzhou was primarily due to the following reasons: (i) Suspension of construction due to the impact of the COVID-19 pandemic, resulting in an average suspension of construction for 32 days; (ii) local governments of Bozhou and Chuzhou cities (Lixin county is located in Bozhou city and Mingguang and Fengyang counties are located in Chuzhou city) required all property developers, construction contractors and major raw material suppliers for property developers operating in such cities to pause construction/operations during major environmental protection events, or major exams such as college entrance exams; during the Track Record Period, our projects in Bozhou and Chuzhou experienced 21 and 15 pauses, respectively, for the above-mentioned reason, amounting to suspension of construction of 239 days and 150 days in aggregate, respectively; and (iii) the local governments generally did not specify the specific date(s) when property development projects may resume construction at the time when notices of suspension were issued. As such, the several pauses of construction ordered by the local governments as disclosed above under item (i) in aggregate took additional time that typically range from 50 to 84 days, even after the suspensions officially ended, for construction contractors to convene/recruit construction workers, for local raw materials suppliers to resume supplies, and for the relevant projects to resume regular construction work. Further, for two of our projects that experienced comparatively longer periods of delay, namely, Chuzhou Left Bank Fragrance (滁州左岸香頌) and Chuzhou Sanyue Lanshan (Langya House) (滁州三悦瀾山(瑯琊府)), project-specific reasons other than the abovementioned generally applicable reasons applied. For Chuzhou Left Bank Fragrance, aside from the abovementioned, delay in delivery of properties was also attributable to our delay in obtaining the completion certificates as the carparks constructed for such properties were less than the construction plan. We constructed fewer carparks than originally planned, primarily because of the lack of demand for carparks during the early phases of delivery, and the potential inconvenience that could be caused to residents who already moved in by the construction of the remaining number of carparks. As of the Latest Practicable Date, all buildings of this project have been delivered. As of May 25, 2021, we had finished construction of the remaining number of carparks, involving an aggregate costs of approximately RMB6.2 million. The project completed was accepted as completed after regulatory inspection on May 28, 2021. For Chuzhou Sanyue Lanshan (Langya House), aside from the above-mentioned, part of the delay was primarily attributable to the time taken for the local governmental agencies to resolve a discrepancy between the landscape construction plan as approved by the Chuzhou Landscape Bureau (滁州市園林局) (the

"**Landscape Bureau**") and the landscape construction plan as approved by the Chuzhou Natural Resources and Zoning Bureau (滁州市自然資源和規劃局) (the "**Zoning Bureau**"). During the completion inspection in November 2019, the Zoning Bureau found the landscape construction to be inconsistent with the preliminary plan as approved by the Zoning Bureau. Such discrepancy arose primarily because the relevant project company further optimized the landscape design as contained in the preliminary landscape construction plan when developing a more detailed landscape construction plan for the Landscape Bureau's review and approval. The discrepancy had been resolved in April 2020, involving an aggregate costs of approximately RMB0.5 million. As of the Latest Practicable Date, Chuzhou Sanyue Lanshan (Langya House) had been inspected and accepted by the Zoning Bureau as deliverable. As advised by our PRC legal counsel representing us in such legal proceedings, we should not be liable for any delay to the extent it results from such governmental requirements.

Rectification Measures

In response to such delays in delivery of properties, we adopted the following internal control measures: we have established a series of internal policies to enhance our internal control measures, including the Construction Progress Control Index (《工程進度控制作業指引》) and the Construction Plan Supervision Guidelines (《工程技術方案審查管理辦法》) to regulate the supervision over project construction. Such policies stipulated that our operation management center (運營管理中心) shall review and approve the Major Milestone Plan (《項目里程碑節點計劃》) for each of our property development projects. Our engineering management center (工程管理中心) is responsible for periodical review of the enforcement status of our Construction Plan Supervision Guidelines by our regional companies and project companies. Key aspects of project development such as quality, safety and construction progress shall be under close monitoring. We also engage external supervisors to monitor our projects' construction progress throughout the construction process. Our supervision panel (監理例會) shall convene regularly to discuss the development status of our projects. In the event that we, or the Independent Third Parties we engaged, identify that construction schedule of a project is materially delayed, the relevant project company and our operation management center shall analyze reasons thereof, and shall adopt measures promptly to remedy such delay in schedule to the extent possible.

In addition, to avoid future occurrence of deviation from government-approved construction plans, we have updated our relevant engineering management policy (the "**Policy**"). The Policy requires that, among other things, a project company shall assign specific personnel responsible for monitoring relevant local laws and regulations to ensure that the planning has met the requirements regulatory entities. Any discrepancy from the government-approved construction plan shall be immediately reported to the engineering management center of our Group. Where necessary, our engineering management center shall engage a third-party legal advisor to further advise as to applicable laws and regulations.

Dispute with Anhui Tongji

In June 2017, we entered into an agreement with Anhui Tongji Construction Group Co., Ltd. (安徽同濟建設集團有限責任公司) ("**Anhui Tongji**"), an Independent Third Party, regarding the construction of Mingguang Sanxun No. One Courtyard (明光•三巽壹號院), pursuant to which Anhui Tongji shall act as the general contractor and we shall pay construction fees in an aggregate amount of RMB102.0 million in installments, with the payment schedule to be in accordance with the construction services rendered. In March 2020, Anhui Tongji brought an action against us, claiming that we failed to pay the construction fees due as stipulated in the agreement, and requested (i) rescission of the agreement, and (ii) damages of RMB48.5 million which mainly comprised construction fees allegedly overdue in the amount of RMB43.3 million, in repayment of which Anhui Tongji also requested a priority claim over the proceeds from auction or sale at a discounted price of the relevant project. Anhui Tongji had withdrawn its action against our Group in March 2020. In July 2020, Anhui Tongji brought another action against us concerning the same subject matter, claiming (i) construction fees of approximately RMB27.1 million, together with interests accrued at a rate of 6.0% per annum from June 1, 2020, (ii) a priority claim over the proceeds from auction or sale at a discounted price of the relevant project, (iii) that our Group shall cooperate with Anhui Tongji in relation to the latter's application for refund of migrant workers' wages deposits, and (iv) that we shall bear all costs incurred in relation to this litigation. Our PRC legal counsel representing us in such legal proceeding is of the view that risks are remote that the court would rule against us, given that (i) we had paid all progress fees recognized pursuant to the relevant contracts as of the date of the date of this view, with an excess of approximately RMB32.1 million, and (ii) although construction of the relevant project had not been completed as of the date of this view, construction fees paid to Anhui Tongji amounted to more than 95.0% of the total construction fees, equal to the amount required to be paid upon completion of construction pursuant to the relevant contracts. We expect the trial court's decision to become available in June 2021.

Dispute with Zhan Yuanwu

On April 15, 2019, Fengyang Sanxun entered into an agreement with an individual (the "**Agreement**"), Zhan Yuanwu (詹元武), pursuant to which the parties agreed that Zhan Yuanwu shall perform construction works for buildings no. 13, 15 and 22 of Fengyang Sanxun No. 1 Yard and deliver by May 1, 2019. Where Zhan Yuanwu fails to deliver as stipulated in the agreement, he shall be contractually liable for certain liquidated damages deductible from the overall service fees. The parties had disputes as to the aggregate service fees payable to Zhan Yuanwu as they disagreed on (i) the volume of construction services rendered, and (ii) the amount of liquidated damages to be deducted from the aggregate service fees payable to Zhan Yuanwu due to his delay in delivery of construction works for up to three months. Fengyang Sanxun paid Zhan Yuanwu in an aggregate amount of approximately RMB4.1 million, believing that it had fully settled the relevant service fees in accordance with the Agreement. On March 25, 2020, the parties communicated in person as to the disputed amount (the "**Communication**"). On April 18, 2020, Zhan Yuanwu brought action against Fengyang Sanxun, claiming outstanding service fees payable in an aggregate amount of approximately RMB1.7 million, asserting, among others, that the parties reached a mutual consensus as to the outstanding amount of service fees in the Writing. Our PRC legal counsel representing us in such legal proceeding is of the view that the trial court would likely reject Zhan Yuanwu's claim that the Communication constituted mutual assent of any sort, and order the parties to appoint certain independent auditors to perform a construction costs audit, so as to ascertain the construction fees on the following grounds: (i) the Communication did not constitute agreement of any kind, or otherwise evidence mutual consensus between the parties as to the outstanding amount of service fees payable to Zhan Yuanwu; and (ii) the claimed amount was calculated based on duplicate calculations. The trial is pending and we expect trial decision to become available in June 2021.

QUALIFICATIONS

The table below sets forth the details of our real property development qualifications as of the Latest Practicable Date:

PRC Subsidiary	Qualification	Expiration Date
Chuzhou Sanxun	Qualification Certificate for Real Estate Level One Development Enterprise (房地產開發企業資歷一級證書)	August 28, 2022
Chuzhou Sanxun Suchu	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	July 19, 2021
Chuzhou Jiarui	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	December 6, 2022
Bozhou Jiantou Sanxun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	December 30, 2021
Bozhou Sanxun Chengnan	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	October 26, 2021
Bozhou Sanxun Gongguan	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	October 9, 2021
Bozhou Sanxun Jinfurong	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	October 9, 2021
Bozhou Sanxun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷三級證書)	October 9, 2021
Ningyang Sanxun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	September 2, 2021

PRC Subsidiary	Qualification	Expiration Date
Suzhou Sanxun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	May 13, 2022
Mingguang Sanxun Mingzhong	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷三級證書)	October 15, 2022
Fengyang Sanxun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	November 10, 2021
Lixin Sanxun Jiantou	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	August 21, 2021
Lixin Sanxun Bangtai	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	April 20, 2022
Lixin Sanxun Zhongtong	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	September 23, 2021
Hefei Sanxun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	April 8, 2022
Huainan Sanxun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	June 3, 2022
Fuyang Shangjun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	January 6, 2022
Shouxian Jingqiao	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	November 29, 2021
Lixin Sanxun Zhongtong Nancheng	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	March 25, 2022

PRC Subsidiary	Qualification	Expiration Date
Bozhou Hexun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	October 21, 2021
Guoyang Taixun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	October 9, 2021
Hefei Jiusan	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	June 6, 2022
Taihu Sanxun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	February 1, 2022
Nanjing Jiuxun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	November 25, 2021
Nanjing Hongxun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	October 21, 2021
Nanjing Xixun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	January 7, 2022
Nanjing Chunxun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	January 7, 2022
Nanjing Tengxun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	January 7, 2022
Chaohu Shixun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	October 11, 2021
Lixin Taixun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	October 10, 2021

PRC Subsidiary	Qualification	Expiration Date
Lingbi Sanxun	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資歷證書)	July 22, 2021
Huaiyuan Xungui	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資歷證書)	September 17, 2021
Guangde Shengfa	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資歷證書)	September 15, 2021
Jiangyin Chengrun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	October 12, 2021
Jiangyin Xurun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	October 12, 2021
Jiangyin Liangsheng	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	April 1, 2022
Wuxi Xunyi	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	April 1, 2022
Bozhou Xunsheng	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	August 30, 2021
Lixin Sanxun	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資歷證書)	April 25, 2022
Chuzhou Xinxing	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資歷證書)	June 16, 2022

During the Track Record Period, three of our subsidiaries, namely, Nanjing Hongxun, Taihu Sanxun and Nanjing Tengxun, failed to obtain the qualification certificates for real estate development enterprises in accordance with the Qualification Management Regulations of Real Estate Development Enterprises (《房地產開發企業資質管理規定》) before engaging in real estate development operations. Such failures were primarily due to the differences in implementing and interpreting the applicable laws and regulations by the local governments and the unfamiliarity with the relevant laws and regulation by our employees responsible for such applications at the project company level. Subsequently, we obtained the qualification certificates for Nanjing Hongxun, Nanjing Tengxun and Taihu Sanxun on October 22, 2019, January 7, 2020 and January 13, 2020, respectively, and as of December 31, 2020, all of our PRC subsidiaries have obtained the relevant qualification certificates for real estate development enterprises. The period of operation without qualifications lasted for approximately two months, 3.5 months and 0.5 month, respectively, for Nanjing Hongxun, Taihu Sanxun and Nanjing Tengxun, respectively. Pursuant to Regulations on Administration of Qualification of Real Estate Development Enterprises (《房地產開發企業資質管理規定》), a company engaged in real estate development operations without qualification certificates shall remedy its deeds within a period as specified by the local regulatory authority, and may receive a monetary penalty ranging from RMB50,000 to RMB100,000. Nonetheless, our PRC Legal Advisors are of the view that, since the three subsidiaries readily obtained qualification certificates, the chances that three subsidiaries will receive monetary penalties for the above-disclosed non-compliance incidents are low. Such subsidiaries commenced construction after obtaining construction work planning permits and construction work commencement permits. On such basis, our PRC Legal Advisor has confirmed that the ongoing construction activities of such subsidiaries are in compliance with applicable laws and regulations. See "Risk Factors—Risks Relating to Our Business—Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining, necessary government approvals to carry out our property development operations" in this prospectus.

If we fail to maintain our licenses, certificates, permits or governmental approvals upon expiry, our development plans may be delayed and there may be an adverse effect on our business. See "Risk Factors—Risks Relating to Our Business—Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining, necessary government approvals to carry out our property development operations" in this prospectus.

Our PRC Legal Advisor has advised us that, up to the Latest Practicable Date, except otherwise disclosed in this prospectus, we had obtained all material requisite licenses, approvals, permits, certificates and written confirmations from the relevant government authorities in the PRC to conduct our business in the PRC and to operate our business in the manner described in this prospectus, and we had been in compliance with the applicable PRC laws and regulations relating to our business operations in all material respects. Save as the licenses that were being applied for renewal as of the Latest Practicable Date, all of these licenses, approvals, permits, certificates and written confirmations remained in full effect, and our Directors were not aware of any circumstance that would render revocation or cancelation of our licenses, approvals, permits, certificates and written confirmations or would render material legal impediments to our business operations. Our PRC Legal Advisor has also advised us that, to the best of their knowledge, there is no legal impediment for us to obtain any material licenses, approvals, or permits for our business and operations in the PRC, as long as we comply with the relevant legal requirements and provided that we take all necessary steps and submit the relevant applications in accordance with the requirements and schedules prescribed by the applicable PRC laws and regulations.

NON-COMPLIANCE INCIDENTS

During the Track Record Period, we had experienced certain non-compliance incidents. As confirmed by our PRC Legal Advisors based on confirmation letters issued by the relevant regulatory authorities, such non-compliance incidents did not constitute any material non-compliance, and save for the aforementioned, we were in compliance with applicable PRC laws and regulations in all material aspects. Summaries of such incidents and our internal control measures to ensure on-going compliance are set forth below. Subsequent to the Track Record Period and up to the Latest Practicable Date, we were in compliance with applicable PRC laws and regulations in all material aspects.

Commencement of Construction before Completing Requisite Administrative Procedures and/or Obtaining Requisite Permits

Overview

During the Track Record Period, we commenced or proceeded with construction works for certain of our projects before completing requisite administrative procedures and/or obtaining requisite permits at various stages of the construction, including construction work planning permits or construction work commencement permits. All such procedures and/or permits had been completed and obtained subsequently.

Historically, the incidents mainly included (i) commencement of construction work before obtaining construction work commencement permits; (ii) commencement of construction work before obtaining construction work planning permits; and (iii) deviation from the scope of construction work planning permits obtained. During the Track Record Period and up to the Latest Practicable Date, our project companies did not have any non-compliance records regarding holding idle land, changing land use and nature of land, postponing construction commencement and completion, or hoarding properties, and accordingly were not restricted from obtaining new project bank loans or extensions of credit facilities due to any of the above-mentioned non-compliance records. See "Regulatory Overview—Real Estate Financing—Loans to Real Estate Development Enterprises."

There were three, two and nil project companies involved in the above-mentioned non-compliances in 2018, 2019 and 2020, respectively, all of which were imposed monetary penalties for such non-compliances in an aggregate amount of approximately RMB0.85 million, all of which had been settled as of the Latest Practicable Date.

We believe such non-compliances occurred primarily because (i) the construction contractors commenced construction preparation or the relevant construction work according to the development schedule as agreed in the construction contracts but the formalities, such as the issuance of the relevant construction work planning and/or commencement permits, were not completed in time pursuant to our original schedule; (ii) we failed to adequately train our local employees to understand the inconsistencies in implementing or interpreting the relevant PRC laws and regulations among different local government authorities, which resulted in inconsistent standards in recognizing certain construction stages in practice, therefore, inconsistent time requirements for completing the relevant administrative procedures, such as the application for the construction work commencement permits, and our employees relied on their past experience in other cities without reconfirming local policies; and (iii) we failed to adequately train our employees at the project company level to execute our internal control policies to supervise the construction processes.

The confirmation letters or the confirmative responses to our enquires from the relevant local regulatory authorities, including the Housing and Urban-Rural Development Bureau of Bozhou City (亳州市住房和城鄉建設局), the Housing and Urban-Rural Planning and Development Bureau of Chuzhou City (滁州市住房和城鄉規劃建設局), the City Management and Administrative Enforcement Bureau of Nanqiao District Chuzhou City (滁州市南譙區城市管理行政執法局), the Housing and Urban-Rural Development Bureau of Mingguang City (明光市住房和城鄉建設局), the Urban and Rural Planning Bureau of Mingguang City (明光市城鄉規劃局), the City Management and Administrative Enforcement Bureau of Mingguang City (明光市城市管理行政執法局), the Housing and Urban-Rural Development Bureau of Lixin County (利辛縣住房和城鄉建設局), the Urban Management and Administrative Enforcement Bureau of Lixin County (利辛縣城市管理行政執法局), the Comprehensive Administrative Enforcement Bureau of Ningyang County (寧陽縣綜合行政執法局) and the Housing and Urban-Rural Development Bureau of Chaohu City (巢湖市住房和城鄉建設局), confirmed that these non-compliance incidents are immaterial. As advised by our PRC Legal Advisor, the relevant written confirmations or the confirmative responses were issued or provided by the competent authorities. Taking into account (i) the confirmation letters and the confirmative responses from the regulatory authorities; and (ii) the fact that our subsidiaries at issue have fully settled the penalties and rectified the non-compliances, our PRC Legal Advisor is of the view that the risks that these companies will be subject to further administrative penalties (including an order to cease construction) for these non-compliance incidents are remote. Our Directors consider that such non-compliances would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statements for such non-compliances.

Internal Control Measures to Ensure Ongoing Compliance

Our management has established a series of internal policies to enhance our internal control measures, including the "Project Progress Control Operation Guidelines", "Project Application and Approval Construction Process", "Engineering Technology Scheme Review System Measures", "Engineering Inspection Management Process" and "Engineering Quality and Safety Management Reward and Punishment System" to regulate the certificate application and supervision over project construction, which have been circulated to relevant employees for training and compliance. We have established, and will continue to improve, our standardized property development procedures, which have been embedded with multiple check points that govern each major step of our property development activities, such as obtaining each of land use rights certificates, construction land planning permits, construction work planning permits, construction work commencement permits, pre-sales permits and completion certificates, to ensure that our subsidiaries obtain all necessary permits, licenses and regulatory approvals. Our operation management team at the project company level and our operation management department at the headquarters level will continue to be responsible for the formulation and review of the development check points plan for each property project, respectively.

We have also designated a person in each project company responsible for obtaining these permits, licenses and approvals necessary for our property development. Once all such permits, licenses and approvals are granted, our project companies are required to obtain written approval from our headquarters before undertaking any construction work for new projects or new project phases. To ensure our policy execution, we provide trainings on the applicable PRC laws and regulations to our employees, and use development check points plan as an important metric in the performance review of our employees. Furthermore, we also engage a consultant who is an Independent Third Party to enhance our standard property development procedures, as well as reputable project supervisory companies to monitor safety measures throughout the construction process. We believe such measures are adequate and effective.

Failure to Make Sufficient Contribution of Social Insurance and Housing Provident Funds

Overview

During the Track Record Period, our Company and some of our PRC subsidiaries and branch offices failed to make full contribution to the social insurance and housing provident funds for some of our employees as required under PRC law.

These non-compliance incidents were primarily due to the inconsistent implementation or interpretation of the PRC laws and regulations by local authorities and lack of understanding by the responsible personnel of these companies of the relevant PRC laws and regulations.

According to the relevant PRC laws and regulations, in respect of overdue social insurance contributions since July 1, 2011, (i) the relevant PRC authorities may demand us to 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; and (ii) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period; where the payment and deposit have not been made after the expiration of the time limit an application may be made to a people's court for compulsory enforcement. As of December 31, 2018, 2019 and 2020, our employment salaries and benefit payables amounted to RMB18.9 million, RMB31.7 million and RMB39.9 million, respectively, among which, the provisions we made on our financial statements in respect of contributions to the social insurance and housing provident funds were RMB14.6 million, RMB15.6 million and RMB6.7 million, respectively, as of December 31, 2018, 2019 and 2020.

Remedies and Rectification Measures Taken

We have established an internal control policy that requires full compliance with the relevant laws and regulations on social insurance and housing provident funds and designated an officer who is familiar with the relevant requirements to enforce the policy and avoid future non-compliance. Our management has formulated a series of internal rules to ensure our compliance with applicable laws, including the "Employee Relationship Management Rules", "Employee Welfare Management Rules" and "Attendance Management Rules", which have been circulated to all relevant departments to enhance compliance. The designated HR staff add newly recruited employees as insured persons and apply for their social insurance and housing provident fund on a monthly basis through our online system pursuant to such policies, among other things. In addition, we commenced to developing training sessions on applicable PRC laws and regulations governing social insurance and housing provident funds for our employees, with a view to improving and updating their understanding of the applicable laws and regulations from time to time. We made provisions in the total amount of RMB14.6 million, RMB15.6 million and RMB6.7 million, respectively, on our financial statements in respect of such potential liabilities as of December 31, 2018, 2019 and 2020. Since October 2019, we have been making social insurance and housing provident fund contributions in compliance with applicable laws and regulations.

All of our PRC subsidiaries and branch office that have employees have obtained written confirmations from the relevant local social insurance and housing provident funds authorities.

Each of these confirmations stated as follows: (i) no administrative penalty has been imposed; and (ii) the relevant subsidiary/branch office paid for the social insurance and housing provident funds as required by laws and regulations, and had no overdue payments in this regard. We are advised by our PRC Legal Advisor that the relevant written confirmations were issued or made by the competent authorities, which have direct supervision over our subsidiaries. Based on such written confirmations, our PRC legal Advisor is of the view that the risk of us being asked to pay the extra shortfall in excess of the provisions or penalized is extremely low.

Our Controlling Shareholders have undertaken that in the event that we receive requests from the relevant authorities to pay the overdue social insurance and housing provident funds contributions, or that we are required to pay any late charges or penalties as a result of such overdue contributions, they will indemnify us the overdue contributions and any late charges and penalties imposed by the relevant authorities.

Our Directors are of the view that such non-compliance did not have a material adverse impact on our Group and our provisions for the shortfall or potential penalty related to social insurance and housing provident funds are adequate based on the following factors: (i) there were no material disputes between our employees and us regarding the social insurance or housing provident fund contributions during the Track Record Period; and (ii) as advised by our PRC Legal Advisor, the relevant written confirmations were issued by competent authorities and based on such confirmations, there was no outstanding payment for social insurance and housing provident fund as of December 31, 2020. As such, it is unlikely that such regulatory authorities will require us to pay any shortage or penalty in the future. As advised by our PRC Legal Advisor, we will only be subject to monetary penalties where the payment and deposit are not made after the expiration of the time limit, our PRC Legal Advisors are of the view that the risks of us being subject to further monetary penalties for the payment and deposit that has not been made after the expiration of the time limit are remote. As of the Latest Practicable Date, we had not received any notice from the relevant regulatory authorities requiring us to pay any shortage or penalty with respect to social insurance and housing provident fund contributions. As advised by our PRC Legal Advisor, our risk of being required to pay any shortfall in excess of the provisions or penalties by the relevant authorities is extremely low. In the unlikely case that we are required to pay any shortfall in the future, we will make payments so required within the prescribed time frame.

Non-compliance Incidents in Relation to Pre-sale Proceeds

During the Track Record Period, 29 of our projects were involved in incidents relating to pre-sale proceeds, or the Pre-sale Proceeds Incidents. Commencing from April 1, 2020, we have been in compliance with applicable PRC laws and regulations as well as the local regulatory authorities' requirements governing the pre-sale proceeds.

Applicable PRC Laws and Regulations Governing Pre-sale Proceeds

The legal regime in relation to the pre-sale proceeds management in the PRC is twofold, including (i) the applicable laws and regulations at the national level which set out the general principles and requirements; and (ii) the applicable laws and regulations at city or county level which set out more specific and comprehensive requirements. For further details, see "Regulations Overview—Real Estate Transactions—Pre-sale of Commodity Properties."

Applicable laws and regulations at national level

Pursuant to the Measures for Administration of Pre-sale of Urban Commodity Properties (《城市商品房預售管理辦法》) promulgated by the Ministry of Construction on November 15, 1994, as amended on August 15, 2001 and July 20, 2004 (the "**Pre-sale Measures**"), the pre-sale proceeds of commodity buildings shall be used to fund the property development costs of the relevant projects. In addition, the Notice on Relevant Issues Concerning the Strengthening of Supervision and Improvement of the Pre-sales System of Commodity Properties (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》) (the "**Pre-sale Notice**") promulgated by the MOHURD on April 13, 2010 provides that proceeds from pre-sales of commodity buildings shall be fully deposited into a bank account supervised by the competent regulatory authorities to ensure the proceeds would be used to fund the development of property projects. Further, under the Pre-sale Measures and the Pre-sale Notice, city or county level regulatory authorities are delegated and granted the authority to supervise implementation of, and formulate detailed requirements for, the management of pre-sale proceeds of the property projects located in relevant cities or counties.

Applicable laws and regulations at city or county level

The requirements in relation to the receipt and use of pre-sale proceeds under the applicable laws and regulations at city or county level vary from city to city. Some common requirements are as follows:

(1) all pre-sale proceeds shall be deposited in full into the designated escrow accounts. For all the cities/counties where we operate except Nanjing city, such pre-sale proceeds can generally be classified into two categories, namely, key escrow funds and general escrow funds; with respect to Nanjing city where there is no specific requirement regarding the thresholds of key escrow funds to be maintained in the escrow accounts, it is generally required that property developers shall reserve sufficient funds for project development plus a buffer that equals 20.0% of the estimated construction costs, and where the pre-sale proceeds exceed the estimated construction costs of the relevant projects, property developers may apply the pre-sale proceeds to other permitted purposes such as repayment of debts and so forth. Key escrow funds refer to pre-sale proceeds that are deposited into and maintained in accordance with the applicable regulatory thresholds at the designated escrow accounts. The initial amount of key escrow funds is determined with reference to the budgeted construction costs of relevant projects so as to ensure that the project company has sufficient key escrow funds to mainly settle its main construction payments and relevant expenses under the construction and/or supply contracts in order to substantially complete its property projects. General escrow funds refer to surplus proceeds that exceed the key escrow funds in the designated escrow accounts calculated based on the formulae or methods stipulated in the applicable laws and regulations at city or county level. For instance, in accordance with the Measures on Supervision and Administration of Commodity Housing Pre-sale Proceeds in Bozhou Municipality (《亳州市商品房預售資金監管辦法》), the total key escrow

funds of projects for sale are determined by the city- or county-level real estate administrative authorities based on "fixed budget standards" which will be specifically established with authorities such as price department, and implemented after making announcement to the public. Similarly, pursuant to the Measures on Supervision and Administration of Commodity Housing Pre-sale Proceeds in Chuzhou Municipality (《滁州市新建商品房預售資金監管辦法》), the competent local regulatory authorities shall determine key escrow funds thresholds for a specific property project based on factors including but not limited to the approved construction plan and estimated construction costs of the relevant property project, and shall publish guidelines for determining key escrow funds thresholds periodically.

(2) a project company can apply for withdrawal of a portion of key escrow funds during the construction stage for purposes permitted under applicable laws and regulations at city- or county-level. The amount of key escrow funds that can be withdrawn is based on the construction progress of the corresponding projects and is subject to the application limits stipulated in the applicable laws and regulations at city- or county-level. For instance, the application limits of key escrow funds in Chuzhou under the Provisional Measures for Supervision and Administration of Newly-built Commodity Housing Pre-sale Proceeds in Chuzhou (《滁州市新建商品房預售資金監管辦法》) and in Bozhou under the Implementation Rules on Supervision and Administration of Commodity Housing Pre-sale Proceeds in Bozhou Municipality (《亳州市商品房預售資金監管實施細則》), respectively, are as follows:

	Construction progress Completion			
	Completion of foundation	Completion of half of the main structure	Completion of the roof works	Completion of the project
Maximum amount of key escrow funds allowed to be withdrawn in Chuzhou	30% of the key escrow funds	50% of the key escrow funds[1]	65% of the key escrow funds	95% of the key escrow funds
Maximum amount of key escrow funds allowed to be withdrawn in Bozhou	25% of the key escrow funds	50% of the key escrow funds	75% of the key escrow funds	95% of the key escrow funds

Note:

(1) This application limit only applies to those construction projects with building(s) which has/have more than ten floors.

(3) general escrow funds, which refer to the surplus proceeds exceeding the key escrow funds in the designated escrow accounts calculated based on the formulae or methods stipulated in the applicable laws and regulations at city- or county-level, can be transferred to the general corporate accounts of the project company, either after completing the necessary application procedures in accordance with the local regulatory requirements, or freely if no such application requirement by applicable local governmental authorities. In general, general escrow funds are permitted to be used for activities in accordance with local regulatory requirements, such as repayment of borrowings, return of prior funding support from shareholders, and payments for other operational needs during ordinary course of business, such as general working capital and taxes payments, or to be transferred to the general corporate account of a project company and freely used if there are no such requirements by applicable local governmental authorities.

(4) Different cities/counties may have different regulations on the numbers of escrow accounts allowed to be created and maintained on a pre-sale permit, building or project basis. The following sets forth the local regulations of the cities/counties where our Group operated during the Track Record Period.

- for projects located in Lixin, Guoyang and Bozhou, generally, property developers shall open one escrow account for each building that is for pre-sale. In the event that the escrow bank cannot meet the demand for mortgage loans for pre-sale properties, property developers may open additional escrow accounts with multiple banks. Further, local regulations in Bozhou and Guoyang require that no more than three escrow accounts may be maintained for each building that is in pre-sale process;

- for projects located in Nanjing, escrow accounts may be opened on a "project-by-project" or "building-by-building" basis for property development projects that is in pre-sale process;

- for projects located in Ningyang, generally, property developers shall open one escrow account for each pre-sale permit application submitted for pre-sale of commodity properties. Escrow accounts shall be opened on a "building(s)-by-building(s)" basis;

- for projects located in Shouxian and Wuxi, generally, property developers shall open one escrow account for each pre-sale permit application submitted for pre-sale of commodity properties;

- for projects located in Mingguang, Fengyang and Chuzhou, generally, property developers shall open one escrow account for each pre-sale permit application submitted for pre-sale of commodity properties. Escrow accounts shall be opened on the basis of one or more buildings;

- for projects located in Fuyang, generally, property developers shall open at least one escrow account for each pre-sale permit. A property development project that receives pre-sale proceeds from multiple mortgage banks may open multiple escrow accounts; and

- for projects located in Hefei, including Chaohu, property developers shall open one escrow account for each pre-sale permit obtained. Pre-sale permits may be obtained on one or more building basis.

In certain cities/counties where our Group operate, local regulations may allow the property developer to maintain multiple escrow accounts for one property project. For instance, local regulations of Shouxian require that generally, property developers shall open one escrow account for each pre-sale permit application submitted for pre-sale of commodity properties. Therefore, Huainan Academy No. 1 (淮南學府壹號), which is located in Shouxian, consisted of 16 buildings and maintained one escrow account for each building, resulting in an aggregate of 16 escrow accounts as of February 28, 2021. Huainan Academy No. 1 complied with the applicable laws and regulations governing the number of escrow accounts. For the foregoing reasons and given that a project typically would consist of more than one building and some of the escrow accounts are opened on a per building basis, our Group had 182 escrow accounts in total as of April 30, 2021, which include escrow accounts of 33 projects out of the total 44 projects. Of the remaining 11 projects as of April 30, 2021, one is developed by an associate; six projects with all escrow accounts being released due to completion of construction; and the remaining four projects had not obtained pre-sale permits and accordingly yet to open escrow accounts as of April 30, 2021. Further, during the Track Record Period, two projects in Bozhou each maintained one more escrow account, adding up to two more in total, than allowed by the applicable local regulations. Such projects opened additional escrow accounts primarily for the purpose of ensuring that the escrow banks could meet the property purchasers' demand for mortgage loans. According to the confirmation letters obtained in July 2020 from the competent local regulatory authorities of Bozhou, namely, Housing Development Center of Bozhou City (亳州市住房發展中心), the relevant project companies remained in compliance with the applicable local regulations governing the pre-sale proceeds, as opening of an escrow account requires an escrow agreement among the relevant project company, the escrow bank and the competent local regulatory authority, and the local regulatory authorities had by this means approved the opening of the additional escrow accounts. As advised by our PRC Legal Advisors, based on confirmation letters issued to the project companies by local regulatory authorities, the project companies were in compliance with the applicable laws and regulations in this regard during the Track Record Period.

Relationship between Applicable Laws and Regulations at National and Local Level

At the national level, the Urban Real Estate Law, the Pre-sales Measures and the Pre-sale Notice set out the general principal for use of pre-sale proceeds. Pursuant to the Urban Real Estate Law and the Pre-sales Measures, the proceeds from the pre-sales of commercial properties shall be used for the development and construction of the corresponding projects. In addition, pursuant to the Pre-sale notice, pre-sale proceeds shall be ensured to be used in the construction of commercial residential projects and be applied to the relevant projects based on the construction schedule with consideration of sufficient funds to the completion and delivery of such projects. Such national level laws and regulations have not set detailed standards and scope for determining whether a specific use of pre-sale proceeds is for the development and construction of the relevant projects and defer to local real estate administrative authorities to specify relevant standards for the local markets. Therefore, with respect to the use of pre-sale proceeds, a project company shall primarily follow the implementation rules promulgated by the local real estate administrative authorities at the provincial or city level. In particular, pursuant to the Pre-sale Measures, the MOHURD delegates the authority of formulating detailed regulatory requirements and implementation measures with respect to the supervision of pre-sale proceeds to the relevant governmental authorities at local levels. As such, though the applicable local regulations are generally formulated in line with the national-level principles and framework, such local regulations may vary slightly among different administrative areas.

Further, as advised by our PRC legal Advisors, based on the results of consultation with the MOHURD, as the national-level laws and regulations only set forth the general principles and regulatory framework, the relevant governmental authorities at local levels have been delegated with the authority to interpret such general principles and formulate detailed regulatory requirements with respect to the supervision of pre-sale proceeds. Accordingly, interpretations made by local governmental authorities are unlikely to be challenged by national governmental authorities.

Based on consultations with relevant provincial real estate administrative authorities where the projects involved in the Pre-sale Proceeds Incidents were located, the provincial real estate administrative authorities are mainly responsible for the guidance and supervision of pre-sale proceeds within the province, and generally would not challenge the confirmations issued by city or county level authorities. Our PRC Legal Advisors are of the view that the city or county level real estate authorities are the competent governmental authorities to regulate the pre-sale proceeds.

Failure to Fully or Directly Deposit the Required Amounts into Designated Escrow Accounts

During the Track Record Period, certain of our subsidiaries failed to fully or directly deposit the required amounts of pre-sale proceeds into the designated escrow accounts in accordance with relevant regulatory requirements for certain projects. The detailed quantitative information in relation to our deposit of pre-sale proceeds are set forth below:

	For the year ended December 31,		
	2018	**2019**	**2020**
		(RMB'000)	
Pre-sale proceeds received	3,538,975	5,487,657	5,978,217
Pre-sale proceeds required to be deposited	3,538,975	5,487,657	5,978,217
Pre-sale proceeds actually deposited[1]	2,396,769	4,448,864	6,392,325
Pre-sale proceeds not fully deposited as required[2]	1,142,206	1,038,793	(414,108)

Note:

(1) Include pre-sale proceeds that were indirectly deposited of RMB1,916.6 million, RMB2,146.0 million and RMB1,716.3 million, respectively, in 2018, 2019 and 2020. All pre-sale proceeds that were indirectly deposited had been subsequently transferred to the designated escrow accounts as of December 31, 2020. As a result, all indirectly-deposited pre-sale proceeds had been subsequently fully deposited into the designated escrow accounts as of December 31, 2020.

(2) We recorded an overall surplus in 2020 as we deposited pre-sale proceeds received from previous year to our escrow accounts.

The detailed quantitative information in relation to our deposit of pre-sale proceeds is set forth below:

	Total pre-sale proceeds received for the year/ period	Gross shortfall	
	(RMB'000)	*(RMB'000)*	*(%)*[(1)]
2018			
Chuzhou[(2)]	1,737,643	831,407	47.8
Bozhou[(3)]	1,801,332	432,822	24.0
Total	**3,538,975**	**1,264,229**	**35.7**
2019			
Chuzhou[(2)]	982,111	572,382	58.3
Bozhou[(3)]	2,216,755	269,515	12.2
Hefei	403,392	132,918	33.0
Ningyang	336,386	133,546	39.7
Fuyang	1,014,210	–	–
Suzhou	63,035	39,653	62.9
Nanjing	30,780	30,780	100.0
Huainan[(4)]	440,987	–	–
Total	**5,487,657**	**1,178,796**	**21.5**
2020			
Chuzhou[(2)]	212,613	10,682	5.0
Bozhou[(3)]	2,815,554	11,523	0.4
Ningyang	227,777	24,235	10.6
Hefei	850,095	–	–
Fuyang	343,815	–	–
Suzhou	295,948	50,465	17.1
Nanjing	487,550	–	–
Huainan[(4)]	219,740	–	–
Anqing	454,810	–	–
Xuancheng	70,316	–	–
Total	**5,978,217**	**96,904**[(5)]	**1.6**

Notes:

(1) Equals the result of gross shortfall divided by total pre-sale proceeds for the year/period.

(2) Includes Mingguang and Fengyang

(3) Includes Lixin

(4) Including Shou County

(5) Represents pre-sale proceeds not deposited into the escrow accounts during the three months ended March 31, 2020.

Pre-sale proceeds that were indirectly deposited into the designated escrow accounts accounted for approximately 54.2%, 39.1% and 28.7% of the pre-sale proceeds required to be deposited in designated escrow accounts in 2018, 2019 and 2020, respectively. Such amounts were first deposited into the relevant project companies' general bank accounts and then subsequently transferred to the designated escrow accounts. Pre-sale proceeds that were not deposited in full into the designated escrow accounts in 2018 and 2019 were also deposited in the relevant project companies' general bank accounts and were used for the respective projects. Such amounts accounted for approximately 32.3% and 18.9% of the pre-sale proceeds required to be deposited in designated escrow accounts in 2018 and 2019. Our pre-sale proceeds had been deposited in full into the designated escrow accounts as required by relevant PRC laws and regulations since April 1, 2020.

In 2018, 2019 and 2020, 15, 27 and 29 of our subsidiaries, respectively, did not fully or directly deposit the required amounts of pre-sale proceeds into the designated escrow accounts in accordance with relevant regulatory requirements with respect to 15, 27 and 29 projects, respectively, accounting for 56%, 77% and 81% of our total projects at the same time, respectively. Such incidents occurred primarily due to the following reasons:

(i) certain of our employees at project company level were unfamiliar with the applicable laws and regulations governing pre-sale proceeds and failed to directly or fully deposit the pre-sale proceeds including proceeds received directly from property purchasers, such as down payments from property purchasers, into our designated escrow accounts. For the years ended December 31, 2018, 2019 and 2020, 15, 27 and 29 of our projects were involved in the Pre-sale Proceeds Incidents, respectively, for the aforementioned reason; and

(ii) when homebuyers financed their purchases with mortgage loans, certain mortgage banks did not transfer the loan proceeds directly to our escrow accounts as where we maintained a general corporate account at the mortgage bank but escrow accounts at other banks, the mortgage bank, may prefer to transfer and deposit the funds into our general corporate account maintained with such mortgage bank, rather than to our escrow accounts maintained at other banks for commercial reasons. We understand that mortgage banks typically prefer to deposit loan proceeds to the project company's general corporate account opened with the relevant mortgage bank itself, rather than deposit the loan proceeds to the project company's designated escrow account opened with another bank. Our industry consultant JLL observed that in the cities where our projects are located, some mortgage banks may choose to deposit mortgage loan proceeds into bank accounts maintained with themselves, rather than to our designated escrow accounts maintained with other banks. For the years ended December 31, 2018, 2019 and 2020, 32, 30 and 25 mortgage banks did not transfer the mortgage loan proceeds directly into our Group's escrow accounts, respectively. All such mortgage banks were licensed PRC commercial banks. Our Directors believe that the mortgage banks which failed to transfer the mortgage loan proceeds to our Group's designated escrow accounts, generally applied their internal policies to other property developers, which maintained general corporate accounts with and received mortgage loan proceeds from such mortgage banks.

Upon receipt of such funds in our general corporate accounts, certain of our project companies transferred a portion of the mortgage loan proceeds to the relevant escrow accounts where the key escrow funds maintained at such escrow accounts were below the required threshold, whereas certain other project companies did not subsequently transfer the mortgage loan proceeds from our general corporate accounts to our escrow accounts, as the relevant employees were unfamiliar with the applicable regulatory requirements with respect to pre-sale proceeds.

Our failures to directly deposit the pre-sale proceeds into the designated escrow account were primarily due to reasons (i) and (ii) set forth above, and the aggregate amount of pre-sale proceeds involved was RMB1,916.6 million, RMB2,146.0 million and RMB1,716.3 million in 2018, 2019 and 2020, respectively. For the year ended December 31, 2018, 2019 and 2020, 15, 26 and 28 projects, respectively, were involved in the failures to directly deposit the pre-sale proceeds into designated escrow accounts. Our failures to fully deposit the pre-sale proceeds into the designated escrow account were primarily due to reason (i) set forth above, and the respective gross shortfall amount of pre-sale proceeds involved was RMB1,264.3 million, RMB1,178.8 million and RMB96.9 million in 2018, 2019 and 2020, respectively. For the year ended December 31, 2018, 2019 and 2020, 13, 20 and six projects, respectively, were involved in the failures to fully deposit the pre-sale proceeds into designated escrow accounts.

The subsidiaries that were involved in this Pre-sale Proceeds Incident kept the portion of the pre-sale proceeds that should have but were not deposited into the designated escrow accounts during the Track Record Period in the general bank accounts of the subsidiaries, and were used for the relevant projects, which was in compliance with the applicable PRC laws and regulations governing pre-sale proceeds. Such usages included the settlement of project-related costs and expenses on construction contracting, payment of cash advances as a return of early-stage contribution provided by shareholders as well as a support of business operations of relevant shareholders when such project related costs and expenses are permitted by or the use of relevant general escrow funds is not restricted by relevant local implementation rule governing the use of pre-sale proceeds, repayment of project financing, payment of taxes and daily operational and other expenses.

Our Directors confirm that all key escrow funds in the designated escrow accounts were only used for the specific property project undertaken by the relevant project company during the Track Record Period and up to the Latest Practicable Date. Though the use of general escrow funds is not strictly restricted, our general escrow funds were also primarily used to fund costs and expenses of the respective projects, which was in compliance with the applicable PRC laws and regulations, including repayment of borrowings, payments for construction of basic and ancillary facilities, tax payments, funding of other operational needs, general working capital and return of prior funding support from shareholders.

During the Track Record Period and as of the Latest Practicable Date, all pre-sale proceeds, including pre-sale proceeds that were not but should have been deposited in escrow accounts, key escrow funds and general escrow funds, had been applied to development of the relevant projects or other purposes permitted by the applicable PRC laws and regulations governing pre-sale proceeds. Such permitted usages included repayment of debts incurred in relation to the relevant project, repayment of borrowings/early stage contributions from shareholders of the relevant project companies in relation to the relevant projects, payment for construction costs, payment of taxes and as daily operational and other expenses of the relevant project companies. As advised by our PRC Legal Advisors, this practice is in compliance with applicable laws and regulations relating to pre-sale proceeds. Based on the confirmation letters obtained in July 2020, the competent local authorities confirmed that the relevant project companies did not have any material non-compliance incidents with respect to the use of presale proceeds. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, the relevant project companies did not have any material non-compliance incidents with respect to the use of pre-sale proceeds: (i) all key escrow funds in the designated escrow accounts were only used for the specific property project undertaken by the relevant project company, and (ii) all pre-sale proceeds, including pre-sale proceeds that were not deposited into escrow accounts, had been used for the relevant projects and other permitted purposes, such as payment of taxes accrued in relation to development of the relevant project. All pre-sale proceeds that were not deposited into escrow accounts were deposited and maintained in the relevant project companies' general corporate accounts.

During the Track Record Period, and to the best knowledge of our Directors, up to the Latest Practicable Date, certain of our non-wholly owned subsidiaries made temporary advances to the non-controlling shareholders of our non-wholly owned subsidiaries, which represented the advance of cash surplus proportionally based on the shareholding interests pursuant to the joint development agreements entered into between us and the non-controlling shareholders. When a surplus of funds became available in such project companies, pursuant to the joint development agreements entered into among the non-controlling shareholders and us, funds can be temporarily advanced to these non-controlling shareholders and our Group, on a pro rata basis from time to time. In the event that there is any additional working capital needs arising from the projects jointly-developed with our project companies' non-controlling shareholders, pursuant to the relevant cooperation agreements, the non-controlling shareholders agree to repay such amounts after receiving requests for capital needs from the relevant subsidiaries. As a result, we had not experienced any material adverse change on property development schedule and operations of our project companies caused by the cash advances to non-controlling shareholders from pre-sale proceeds during the Track Record Period, and to the best knowledge of our Directors, up to the Latest Practicable Date.

According to confirmations we received from relevant regulatory authorities including the Housing and Urban-Rural Development Bureau of Chuzhou City (滁州市住房和城鄉建設局), Housing Development Center of Bozhou City (亳州市住房發展中心), Housing Development Center of Lixin County (利辛縣住房發展中心), Housing and Urban-Rural Planning and Development Bureau of Fengyang County (鳳陽縣住房和城鄉規劃建設局), Housing and Urban-Rural Development Bureau of Mingguang City (明光市住房和城鄉建設局), Housing Security and Management Bureau of Hefei City (合肥市住房保障和房產管理局), Real Estate Management Bureau of Suzhou City (宿州市房地產管理局), Housing Development Center of Guoyang County (渦陽縣住房發展中心) and Administrative Review Services Bureau of Ningyang County (寧陽縣行政審批服務局), the foregoing incidents related to deposits of pre-sale proceeds did not constitute a material violation of local regulations and requirements and that the relevant company would not be investigated or subject to penalties as a result of such incidents. In light of the above, our PRC Legal Advisor is of the view that risks are remote that our Group would be subject to penalties as a result of not directly and/or fully depositing the required amounts of pre-sale proceeds into escrow accounts following the applicable regulatory requirements.

Failure to Maintain Sufficient Cash Balances in the Designated Escrow Accounts

According to confirmations we received from relevant regulatory authorities including the Housing and Urban-Rural Development Bureau of Chuzhou City (滁州市住房和城鄉建設局), Housing Development Center of Bozhou City (亳州市住房發展中心), Housing Development Center of Lixin County (利辛縣住房發展中心), Housing and Urban-Rural Planning and Development Bureau of Fengyang County (鳳陽縣住房和城鄉規劃建設局), Housing Management Bureau of Fuyang City (阜陽市房屋管理局), Housing and Urban-Rural Development Bureau of Mingguang City (明光市住房和城鄉建設局), Housing Security and Management Bureau of Hefei City (合肥市住房保障和房產管理局), Real Estate Management Bureau of Suzhou City (宿州市房地產管理局), Housing Development Center of Guoyang County (渦陽縣住房發展中心), Administrative Review Services Bureau of Ningyang County (寧陽縣行政審批服務局), Housing Security and Management Bureau of Huainan City (淮南市住房保障和房產管理局) and Construction and Transportation Bureau of the Management Committee of Jiangbei New District of Nanjing City (南京市江北新區管理委員會建設與交通局), we are permitted to transfer the surplus from general escrow funds to our ordinary corporate accounts so long as the balance in the escrow account is sufficient for completing construction of the relevant projects.

As of December 31, 2018, 2019 and 2020, we failed to maintain sufficient cash balances in the designated escrow accounts above the required regulatory thresholds in compliance with the relevant local regulations and policies for certain projects. As of December 31, 2018, 2019 and 2020, 7, 7 and nil of our subsidiaries, respectively, did not maintain sufficient cash balances in the designated escrow accounts above the required regulatory thresholds in compliance with the relevant local regulations and policies with respect to 7, 7 and nil projects, respectively, accounting for 26%, 20% and nil of our total projects as of the same time, respectively. Such incidents were due to lack of understanding by the responsible personnel of the relevant project companies of the requirements under the relevant PRC laws and regulations.

The table below sets forth an analysis of the difference between actual balance of key escrow funds and minimum balance required by law for the periods indicated:

		Difference between actual balance of key escrow funds and minimum balance required by law	
	Minimum balance required by law	Gross shortfall	Percentage
	(RMB'000, except percentages)		
For the year ended/as of December 31, 2018			
Chuzhou(1)	305,860	(138,805)	(45.4%)
Bozhou(2)	229,335	(24,762)	(10.8%)
Total	**535,195**	**(163,567)**	**(30.6%)**
For the year ended/as of December 31, 2019			
Chuzhou(1)	259,836	(110,338)	(42.5%)
Bozhou(2)	226,626	(3,409)	(1.5%)
Ningyang	32,666	(4,502)	(13.8%)
Hefei	99,771	–	–
Huainan(3)	50,066	–	–
Fuyang	145,706	–	–
Suzhou	11,888	–	–
Nanjing	9,326	(9,326)	(100.0%)
Total	**835,885**	**(127,575)**	**(15.3%)**

	Minimum balance required by law	Difference between actual balance of key escrow funds and minimum balance required by law: Gross shortfall	Percentage
	(RMB'000, except percentages)		
For the year ended/as of December 31, 2020			
Chuzhou(1)	35,109	–	–
Bozhou(2)	183,622	–	–
Ningyang	15,629	–	–
Hefei	99,885	–	–
Huainan(3)	44,453	–	–
Fuyang	99,672	–	–
Suzhou	7,083	–	–
Nanjing	233,123	–	–
Anqing	46,068	–	–
Xuancheng	4,233	–	–
Total	**768,876**	**–**	**–**

Notes:

(1) Includes Mingguang and Fengyang

(2) Includes Lixin

(3) Including Shou County

Failure to Transfer Funds Withdrawn from Designated Escrow Accounts Directly to Suppliers

Some of our project companies transferred the funds to the relevant company's ordinary corporate account before paying construction and related costs instead of directly transferring the funds to the relevant suppliers. Although the funds were applied for permitted purposes, the flow of the funds did not meet certain local procedural requirements. As advised by our PRC Legal Advisors, not necessarily all local regulations of the cities/counties where we operate require that funds withdrawn from designated escrow accounts be directly transferred to suppliers: among the cities/counties where our Group operates, only the local regulations in Ningyang, Bozhou, Lixin and Guoyang promulgated in 2017 and 2018 required that property developers shall transfer key escrow funds withdrawn directly to contractors/suppliers; among such, local regulation in Lixin requiring that withdrawn funds be directly transferred to contractors/suppliers was remanded in 2019, and accordingly ceased to be applicable. Funds withdrawn from designated escrow accounts transferred in a non-compliant manner amounted to RMB69.8 million, nil and nil in 2018, 2019 and 2020, respectively, representing 7.7%, nil and nil of the total key escrow funds withdrawn for the same periods. Such non-compliant transfers occurred primarily because certain of our employees were unfamiliar with regulatory requirements and did not transfer the withdrawn funds directly to contractors/suppliers.

For the year ended December 31, 2018, two of our projects were involved in the aforementioned non-compliant transfers. Commencing from 2019, none of our projects were involved in such non-compliant transfers. As of the Latest Practicable Date, all of the above-mentioned projects remained under construction.

According to confirmations we received from relevant regulatory authorities including Housing Development Center of Bozhou City (亳州市住房發展中心), Housing Development Center of Lixin County (利辛縣住房發展中心), Housing Development Center of Guoyang County (渦陽縣住房發展中心) and Administrative Review Services Bureau of Ningyang County (寧陽縣行政審批服務局), the foregoing incidents did not constitute a material violation of local regulations and requirements and that the relevant company would not be subject to penalties as a result of such incidents. Saved as disclosed in this Prospectus, our PRC Legal Advisors are of the view that we have complied in all material aspects with the applicable PRC laws and regulations governing pre-sale proceeds.

Evaluation of the Potential Impacts of the Pre-sale Proceeds Incidents

We are of the view that the Pre-sale Proceeds Incidents did not constitute any material non-compliance for the following reasons:

(i) the main purpose of governmental supervision for the pre-sale proceeds of commodity properties is to ensure the construction, completion and delivery of the corresponding projects. As there was no material delay in completion of or failure to deliver properties pre-sold as a result of any non-compliance with applicable laws and regulations in relation to pre-sale proceeds management during the Track Record Period, the Pre-sale Proceeds Incidents did not have any material impact on the business operation and financial performance of our Group;

(ii) the relevant project companies involved in the Pre-sale Proceeds Incidents have received confirmations from the competent authorities which confirmed that the Pre-sale Proceeds Incidents did not constitute any material violation of local regulations and requirements, and that the project companies would not be subject to administrative penalties in this regard. We received confirmation letters for all our property development projects involved in the Pre-sale Proceeds Incidents during the Track Record Period issued by the Housing and Urban-Rural Development Bureau of Chuzhou City (滁州市住房和城鄉建設局), Housing and Urban-Rural Planning and Development Bureau of Fengyang County (鳳陽縣住房和城鄉規劃建設局), Housing and Urban-Rural Development Bureau of Mingguang City (明光市住房和城鄉建設局), Housing Management Bureau of Fuyang City (阜陽市房屋管理局), Housing Security and Management Bureau of Hefei City (合肥市住房保障和房產管理局), Housing Security and Management Bureau of Huainan City (淮南市住房保障和房產管理局), Housing Management Service Center of Shou County (壽縣房產管理服務中心), Administrative Review Services Bureau of Ningyang County (寧陽縣行政審批服務局), Real Estate Management Bureau of Suzhou City (宿州市房地產管理局), Construction and Transportation Bureau of the Management Committee of Jiangbei New District of Nanjing City (南京市江北新區管理委員會建設與交通局) and Housing Development Center of Bozhou

City (亳州市住房發展中心), and the Housing Development Center of Guoyang County (渦陽縣住房發展中心) and Housing Development Center of Lixin County (利辛縣住房發展中心), which are competent to issue the confirmations as advised by our PRC Legal Advisors. Such confirmation letters were issued generally on the following with basis:

- relevant project companies located within the relevant city had not fully deposited pre-sale proceeds into the relevant escrow accounts during the Track Record Period. Nonetheless, since the balances of escrow funds in the relevant accounts met the regulatory requirements as of the date of the confirmations and our Group has undertaken to deposit and retain pre-sale proceeds in the accounts for the corresponding projects in compliance with the supervision requirements in the future, the aforementioned incidents did not constitute material non-compliance, and will not be investigated or penalized by the regulatory authority issuing the confirmation letter(s);

- according to the applicable local regulations, real estate developers shall apply for the use of key escrow funds based on the construction progress of the project. As confirmed by the competent local regulatory authorities, withdrawals made by the relevant project companies were in accordance with the instructions from and requirements of the Commodity Housing Pre-sale Proceeds Supervision System (an e-supervision system established by the competent local regulatory authority to manage withdrawal of escrow funds);

- in addition, in withdrawal of the pre-sale proceeds for the payment of construction fees, certain project companies withdrew relevant funds to their general corporate accounts and then transferred to construction contractors or suppliers. However, given that the pre-sale proceeds withdrawn were used for the corresponding projects, the relevant project companies were not considered non-compliant with the applicable regulatory requirements by the competent authorities. Based on the foregoing, the competent regulatory authorities will not impose administrative penalties on the project companies in this regard;

- with respect to general escrow funds, as long as the relevant project companies have maintained sufficient reserves in the escrow accounts to fund future construction of the relevant projects, any surplus general escrow funds can be withdrawn to general corporate account and used for other permitted purposes. Accordingly, such withdrawals were in compliance with regulatory requirements; and

- with respect to Nanjing city where there is no specific requirement regarding the thresholds of key escrow funds to be maintained in the escrow accounts, relevant regulatory authorities confirmed that the relevant project companies' withdrawals were in compliance with applicable local regulations.

We obtained further confirmations from the competent local regulatory authorities in July 2020 which generally stated that the relevant project companies have rectified the Pre-sale Proceeds Incidents and we were in compliance with the applicable laws and regulations governing pre-sale proceeds as of the date of the respective confirmations. We have further consulted with the competent higher regulatory authorities of Anhui, Jiangsu and Shandong provinces, namely, the Real Estate Market Supervision and Administration Office of Housing and Urban-rural Development Bureau of Anhui Province (安徽省住房和城鄉建設廳房地產市場監管處), the Real Estate Market Supervision and Administration Office of Housing and Urban-rural Development Bureau of Jiangsu Province (江蘇省住房和城鄉建設廳房地產市場監管處) and the Real Estate Market Supervision and Administration Office of Housing and Urban-rural Development Bureau of Shandong Province (山東省住房和城鄉建設廳房地產市場監管處). Such regulatory authorities confirmed that (1) the local governmental authorities are the competent authorities to confirm whether a property developer has any non-compliance incident with respect to applicable laws and regulations at city or county level; and (2) higher regulatory authorities would not challenge or revoke any confirmation letter issued by the local governmental authorities based on the applicable laws and regulations at city or county levels in such regard. Further, as per consultation with the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部), the local governmental authorities are the competent authorities to confirm whether a property developer has any non-compliance incident with respect to applicable laws and regulations at city or county level. As advised by our PRC legal advisors, the authorities issuing fines and penalties in relation to pre-sale proceeds typically lie with the city and county level housing and urban-rural development departments, and the nature of the authorities of their superiors at the provincial level is supervisory. The provincial level housing and urban-rural development departments do not typically directly issue penalties to property developers or opine on the handling of individual cases; rather, they are in charge of supervising the overall operations of their city and county level subordinates. The local governmental authorities are the competent authorities to confirm whether a property developer has any non-compliance incident with respect to applicable laws and regulations at municipal level, and risks are remote that higher-level governmental authorities would challenge or revoke any confirmation letter issued by the local governmental authorities based on the applicable laws and regulations at city or county levels in such regard;

(iii) no penalty has been imposed against our Group as a result of the Pre-sale Proceeds Incidents during the Track Record Period.

The national regulations on the supervision of pre-sale proceeds did not provide administrative penalties for property developers who fail to fully deposit pre-sale proceeds into their escrow accounts; and for pre-sale proceeds that are used in a non-compliant manner, we shall be ordered to rectify such situation within a time limit, and may be imposed of a fine of up to RMB30,000 but not more than three times of illegal gains for each incident should we fail to rectify such situation within the prescribed time period. According to different local regulations, based on the severity of the non-compliance, we shall be ordered to rectify such incidents within a time limit, and may be required to suspend withdrawal of pre-sale proceeds from the escrow accounts during the rectification period. Further, non-compliance in regard to pre-sale proceeds may be reflected in our credit records, and we may be fined in the amount of up to RMB30,000 per project but not more than three times of illegal gains for each incident. Therefore, the penalties for non-compliance in relation to pre-sale proceeds stipulated in the local regulations are in line with that of the national regulations, and there is no situation where the national regulations are stricter than the local regulations. As of December 31, 2020, we had 29 projects that had encountered Pre-sale Proceeds Incidents during the Track Record Period. Based on the foregoing and as advised by our PRC Legal Advisors, the maximum penalty that we could be subject to in relation to the Pre-sale Proceeds Incidents is RMB0.9 million. Having considered the foregoing, the Sole Sponsor is also of the view that there was no material non-compliance with the applicable laws and regulations in the PRC in respect of our Group's maintenance of our escrow accounts during the Track Record Period.

According to our Finance Management Policies (《財務管理制度》) and Use of Pre-sale Proceeds Guidelines (《預售資金使用辦法指引》), head of finance department and cashiers of each relevant project company shall be in charge of management of the deposit, transfer and withdrawal of pre-sale proceeds; head of finance department and officer in charge of each regional company and our Group's finance management center shall review each application for withdrawal of escrow funds submitted by cashiers of the project companies; and finance center of our Group shall inspect the compliance status of the escrow funds/escrow accounts periodically. As such, our Directors were not involved in the deposits, transfers and withdrawals of the pre-sale proceeds during the Track Record Period, and accordingly were not involved in any of the Pre-sale Proceeds Incidents. Given the foregoing, we are of the view that the Pre-sale Proceeds Incidents would not have any negative bearings on our Directors' competence and suitability under Rules 3.08 and 3.09 of the Listing Rules, given that (i) we had obtained confirmations from the competent regulatory authorities in relation to the Pre-sale Proceeds Incidents; (ii) our PRC Legal Advisors, given the written and verbal confirmations obtained from the competent local and provincial regulatory authorities, are of the view that risks are remote that we shall be subject to administrative penalties as a result of the Pre-sale Proceeds Incidents; and (iii) our Internal Control Advisors are of the view that the enhanced internal control measures adopted by us are adequate and effective to prevent similar future non-compliance. Our Directors confirm that during the Track Record Period, (i) all key escrow funds in the designated escrow accounts were only used for the specific property project undertaken by the relevant project company during the Track Record Period and up to the Latest Practicable Date; and (ii) all pre-sale proceeds, including the pre-sale proceeds that were not deposited into escrow accounts but deposited and maintained in the relevant project companies' general banks accounts, had been used for the relevant projects and other permitted purposes, such as payment of taxes accrued in relation to development of the relevant project. In addition, based on the review performed, our Internal Control Advisors noted nothing in relation to the Pre-sale Proceeds Incidents which draws their attention to the integrity and competence of our Directors.

Working Capital Sufficiency

Had we fully complied with the relevant laws and regulations on pre-sale proceeds during the Track Record Period, we believe that we would still have sufficient working capital after considering (i) our cash and cash equivalents balance at the end of a period; (ii) the estimated additional amount of pre-sale proceeds we were required to deposit into the designated escrow amounts under applicable PRC laws and regulations at the end of or during the corresponding period; and (iii) unutilized credit facilities of RMB1.0 billion, RMB2.0 billion and RMB4.0 billion as of December 31, 2018, 2019 and 2020, respectively, as well as other loans from commercial banks and other borrowings from other financial institutions for working capital purposes. For instance, as of the Latest Practicable Date, we had approximately RMB4.0 billion unutilized credit facilities. Based on the abovementioned assumptions, we would have incurred maximum additional fundings of RMB395.3 million and incurred a maximum finance costs of RMB77.0 million during the Track Record Period. Based on the foregoing, given that the maximum additional fundings and the maximum additional finance costs could be covered by unutilized facilities during the Track Record Period, our Directors are of the view that such additional borrowings and financing costs would not have had a material adverse impact of our Group's financial position and performance during the Track Record Period.

Furthermore, taking into account the amount of proceeds that are expected to be generated from our property projects as of December 31, 2020, and on the basis that our pre-sale proceeds would be deposited and utilized in a fully compliant manner, we expect to generate sufficient cash surplus from these property projects to support the development of our property projects going forward.

During the Track Record Period and up to the Latest Practicable Date, we did not enter into loan agreements containing restrictive covenants on maintaining minimum deposit balance as pledged deposits or guarantee to our borrowing. Therefore, compliance with the regulatory requirements in relation to pre-sale proceeds, including the requirements to directly deposit pre-sale proceeds into the designated escrow accounts, does not constitute a breach of the loan agreements between us and the relevant financial institutions.

Enhanced Internal Control Measures

To ensure continuous compliance, we have put into place certain supervising mechanism, including internal policies to ensure that the use of pre-sale proceeds is in compliance with relevant laws and regulations. In the second half of 2019, we began to standardize the deposit of pre-sale proceeds to escrow accounts in compliance with applicable laws, regulations and regulatory requirements. To supervise the use of pre-sale proceeds and ensure our compliance with relevant PRC laws and regulations, we have put into place certain supervising mechanism, pursuant to which:

- pre-sale proceeds shall be deposited in escrow accounts under supervision in accordance with the detailed requirements of relevant local governmental authorities;

- expenses incurred during construction to be paid out of such accounts shall be reviewed and approved by finance department and manager at the regional company level and the head of finance center at our Group level;

- our employees are required to submit supporting documents, such as application with project progress jointly issued by the development company, construction company and the supervision company and the project payment certificate to the relevant regulatory authorities to obtain their approval, and submit such approvals to the corresponding banks in which such escrow accounts are maintained for each draw-down; and

- the usage of key escrow funds is required to strictly comply with the requirements under the regulations as well as the relevant escrow agreement entered with the relevant regulatory authorities and the bank.

We believe that such measures can effectively ensure that key escrow funds maintained at our escrow accounts strictly comply with the applicable PRC laws and regulations, as (i) according to our PRC Legal Advisors, there is no conflict between the national-level regulations and the local procedures and management regulations, and (ii) our internal policies aim at closely follow the interpretation by each competent local regulatory authorities of the jurisdictions where our projects are located and as such, different implementations by different city or county authorities will not likely affect compliance with relevant local rules. See "Regulatory Overview—Real Estate Transactions—Pre-sale of Commodity Properties" in this prospectus.

Furthermore, we have provided and will continue to provide training to our employees, in particular those responsible for pre-sales matters, on the rules and regulations on pre-sale proceeds. Such trainings primarily include (i) project company level trainings prior to commencement of pre-sale activities, relevant personnel undergo trainings on applicable regulatory policies, laws and regulations governing pre-sale proceeds, in particular regulatory requirements concerning the deposit and use of pre-sale proceeds, as well as the minimum regulatory requirements on balances of key escrow funds; (ii) regional company level trainings on updates related to local laws and regulations governing pre-sale proceeds, in particular regulatory requirements concerning the deposit and use of pre-sale proceeds within the region; and (iii) group level trainings on regulatory policies, in particular updates to, interpretations of or elaborations on the various regional regulatory policies of the regions where our Group operates.

Our management has established the "Guidelines for the Use of Pre-sale Proceeds" (the "**Guidelines**") to regulate the collection, deposit and use of pre-sale proceeds in compliance with applicable laws and regulations, which has been circulated to relevant employees for training and compliance. Below are the key measures provided in the Guidelines:

- Proceeds from the pre-sales of corresponding project shall be deposited to certain designated escrow accounts for each of the relevant project company in compliance with applicable regulations. Pre-sale Proceeds Supervision Records (《預售資金監控表》) shall be prepared by our project finance staff to record receipt of pre-sale proceeds, and update such records on a weekly basis. Such Pre-sale Proceeds Supervision Records (《預售資金監控表》) is reviewed by finance manager of the project companies. In the event that certain pre-sale proceeds are not deposited directly into the designated escrow accounts, the relevant project companies shall cause such amounts to be transferred to the designated escrow accounts in a timely manner, so as to ensure compliance with the applicable laws and regulations. Finance center of our Group shall perform regular review of the escrow accounts from a compliance perspective. Staff in charge of the matter of the relevant project companies shall endeavor to ensure direct deposit of pre-sale proceeds into the designated escrow accounts, and shall in any event ensure deposit before registration of the relevant commodity property sale and purchase agreements with local regulatory authorities.

- Key escrow funds should be used for construction and other permitted purposes in compliance with applicable PRC laws and regulations. Fund payments shall be made only review and approval by finance department and manager at the regional company level and the head of finance center at our Group level. To submit escrow fund withdrawal application, the applicant shall provide necessary supporting documents such as, among others, invoices and construction progress reports.

- The project finance staff shall compile a detailed ledger of the escrow account based on the payments into and from the escrow account, and perform reconciliation based on the bank statement information at the end of each month. The project finance staff shall make permitted payment from the escrow account only after confirming that the balance of the escrow account meets the relevant requirements, and initiate the payment application through the Commodity Housing Pre-sale Proceeds Supervision System, subject to approval by certain of our Group's designated officers in charge of the matter.

- Where the escrow funds withdrawn are not directly transferred to relevant supplier, but are transferred into the Company's general corporate account(s), the head of finance for the relevant project shall monitor flow of the funds, and the cashier of the relevant project shall transfer such funds from the general corporate account(s) to suppliers/subcontractors upon receipt of such funds.

- The finance center of our Group shall perform regular review of the escrow accounts from a compliance perspective, and shall inspect aspects including, among others, the use and flow of the escrow funds, and shall prepare inspection record.

- Staff responsible for handling and monitoring escrow funds shall regularly attend training sessions in respect of latest local laws and regulations governing pre-sale proceeds to familiarize and update their understandings of the applicable laws and regulations.

- Where necessary, our Group's finance center shall consider engaging external legal consultants to help our employees, particularly employees at project-company level, to better understand applicable laws and regulations governing pre-sale proceeds.

Commencing from April 1, 2020, we have been in compliance with applicable PRC laws and regulations as well as the local regulatory authorities' requirements governing the pre-sale proceeds. Based on a review of the contractual terms of our Group's bank and other borrowings, our PRC Legal Advisors are of the view that (i) non-compliance with the applicable PRC laws and regulations governing the pre-sale proceeds did not render our Group in breach of restrictive financial covenants associated with bank and other borrowings during the Track Record Period and as of the Latest Practicable Date, and (ii) compliance with the applicable PRC laws and regulations governing the pre-sale proceeds (e.g. the requirements to directly deposit pre-sale proceeds into the designated escrow accounts) would not render our Group in breach of any loan agreements between our Group and the relevant financial institution during the Track Record Period and as of the Latest Practicable Date.

Going forward, we will continue to strictly comply with the laws, regulations and regulatory requirements to ensure that the escrow funds maintained at our escrow accounts are fully compliant with regulatory requirements. Based on the facts and circumstances regarding the Guidelines for the Use of Pre-sale Proceeds as disclosed, the Directors are of the view, and our Internal Control Advisor and the Sole Sponsor concur that, such guidelines adopted by our Group are adequately and effectively designed to reasonably prevent such Pre-sale Proceeds Incidents from taking place in the future. Based on the follow-up review performed in June and July 2020, our Internal Control Advisors did not notice any material departure from the Guidelines.

Other Non-compliance Incidents

During the Track Record Period, certain of our subsidiaries experienced several other non-compliance incidents, which are:

- **Commencement of pre-sale before obtaining pre-sale permit**. During the Track Record Period, three of our projects commenced presale before obtaining the presale permit. We were ordered by Fengyang County Housing and Urban-Rural Development Bureau to stop our pre-sales of certain properties and refund the advances to our customers in full for commencing pre-sale activities before pre-sale permits had been obtained. For the same reason, we were fined RMB30,000 and RMB1,000 by Bozhou Real Estate Administration and Lixin County Real Estate Administration, respectively. We have fully refunded the advances generated from the pre-sales and have fully paid the fines to relevant authorities. We did not incur any other loss in relation to these incidents. We have obtained confirmation letters from all three authorities confirming that we have completed the rectification and that the respective incidents do not constitute material non-compliances. To ensure ongoing compliance, our management has established a series of internal rules and guidelines, including the "Guidelines on Common Legal Issues in Marketing" and "Project Application and Construction Process" to standardize the procedures for pre-sale license application and monitoring, which have been circulated to relevant employees. We also prepare a master plan for each project to monitor each major step of property development, such as the pre-sale conditions and obtaining pre-sale permits. At the same time, in order to improve administrative efficiency and avoid the situation where pre-sale starts before the pre-sale certificate is obtained, we have prepared the standard application process for relevant licenses so that project personnel can follow and prepare relevant documents as early as possible. In order to commence pre-sale, the marketing department of the project company shall submit an application for approval.

- **Incompliant advertising**. During the Track Record Period, three of our projects were involved in incompliant advertising. We were imposed fines, in a total amount of RMB439,006, by Bozhou Administration for Industry and Commerce, Fengyang County Market Supervision Administration and Lixin County Market Supervision Administration, for incompliant advertising. We have fully paid the fines to the relevant authorities separately and have obtained confirmation letters from above three authorities confirming that the aforementioned incidents do not constitute material non-compliances. We did not incur any other loss in relation to this incident. Our management has established the "Guidelines for Common Legal Issues in Marketing" to standardize the process of advertising, which have been circulated to relevant employees. The guidelines stipulate that if advertisements need to be published, the content shall first be proposed by the project company's marketing department and approved by the relevant authorized person. The proposal shall specify the details of the advertisements and campaign plans, such as advertising content and materials, advertising channels and local relevant regulations. Once approved, the advertising content shall be strictly implemented in accordance with the proposal without modification.

- **Environmental violations on construction sites**. During the Track Record Period, two of our projects were involved in environmental violations on construction sites. We were imposed fine in the amount of RMB30,000 by Bozhou City Administration Administrative Law Enforcement Bureau for failure to take dust reduction measures on certain of our construction sites. We have made rectification and fully paid the fine. We were ordered by Fengyang County Urban Management Administrative Law Enforcement Bureau to suspend construction work for two days for one of our projects in Fengyang on certain of our construction sites for commencement of construction work without obtaining relevant environmental approvals. Such suspensions did not have any material adverse impact on our construction progress and we have made necessary rectification and obtained relevant environmental approvals subsequently. For all three aforementioned incidents, we have obtained confirmation letters from the respective authority confirming that such incident does not constitute a material non-compliance. In order to strengthen our environmental protection and sanitation, we have established the "Environmental Protection Management Rules", stipulating environmental protection and prevention, training on environmental protection regulations for relevant personnel and compliance monitoring procedures for environmental protection, among other things. Each project company shall carry out environmental protection training every month. In addition, the relevant personnel shall establish contact with the relevant governmental agency and visit such agency regularly to obtain the latest version of local environmental regulations.

- **Failure to complete the inspection process before property delivery**. During the Track Record Period, one of our projects failed to complete the inspection process before property delivery. We were imposed fine in the amount of approximately RMB190,000 by Lixin County Urban Management Administrative Law Enforcement Bureau for delivering certain properties without the completion of requisite inspection process. We have fully paid the fine and obtained a confirmation letter from Lixin County Urban Management Administrative Law Enforcement Bureau confirming that this incident does not constitute a material non-compliance. In order to avoid such non-compliance in the future, our management has established the "Measures for the Review of Engineering Technology Solutions" and "Process for Reporting and Approving Construction" to standardize the property construction and delivery process, which have been circulated to relevant employees. Such internal rules stipulate that no delivery can be made until the project has obtained relevant regulatory approvals and internal approval from the headquarters.

As advised by our PRC Legal Advisor, other than the above-mentioned incidents, we had not been subject to any significant fines or administrative 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.

The above-mentioned non-compliance incidents were primarily due to the differences in implementing and interpreting the applicable laws and regulations by the local governments and the unfamiliarity with the relevant laws and regulation by our employees responsible for such applications at the project company level. Our Directors were not directly involved in these non-compliance incidents, as they are mainly responsible for the high-level and overall management of our operations and projects. We have adopted internal control measures to rectify the above-mentioned non-compliances, including establishing the internal review policies, which set forth the compliance review procedures to address such non-compliances. As of October 4, 2019, the Internal Control Advisor conducted follow-up review and confirmed that we had implemented such internal control policies. After the follow-up review conducted by an independent internal control advisor (the "**Internal Control Advisor**"), our Directors are of the view, and the Internal Control Advisor and the Sole Sponsor concur, that our Group has adequate and effective internal control policies and measures to address the non-compliance incidents disclosed above.

RISK MANAGEMENT

We recognize that risk management is critical to our success. Key operational risks that we face include changes in general market conditions and the regulatory environment of the PRC property market, availability of suitable land sites for development at commercially acceptable prices, local economic environment, expansion risks relating to entering into new cities or geographic regions, ability to timely complete our construction projects with sound quality, available financing to support our growth, competition from other property developers and our ability to promote and sell our properties in a timely fashion. See the section entitled "Risk Factors" in this prospectus for a discussion of various risks and uncertainties we face. In addition, we also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See "Financial Information—Financial Risk Management Objectives and Policies" in this prospectus.

In order to control such risks and meet these challenges, we have adopted a series of internal control policies, procedures and plans that are designed to reasonably assure effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. To further enhance our risk management and internal control and to prepare for the Listing, we engaged the Internal Control Advisor to perform an overall assessment on certain of our procedures, system and internal controls. During the internal control review, the Internal Control Advisor has provided some recommendations for our management's consideration to enhance and rectify certain deficiencies identified in our internal control systems. Our Company has implemented various internal control measures, among others, we

- have established an Audit Committee to review and supervise our financial reporting process and internal control system;

- have adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;

- have had our Directors and senior management attend a training session in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong;

- have adopted a centralized approach to review and approve our business plan, major procurement contracts and construction contracts to enhance regulatory and contractual compliance;

- have appointed reputable project supervisory companies who are Independent Third Parties to conduct periodical quality control supervision;

- have instituted internal control policies and employees accountability manuals that are consistent with ongoing operational needs. We organized periodic training to our employees to enhance implementation of such policies and manuals; and

- continuously consult with legal advisors on critical engagements and operation decisions.

We had implemented these enhanced internal control measures by October 2019.

The Internal Control Advisor conducted follow-up reviews from May 2019 to October 2019 and assessed our implementation of the internal control measures. Based on the independent work it performed, we have properly and effectively implemented all major internal control measures recommended, and our Internal Control Advisor did not notice any material deficiencies in our enhanced internal control measures regarding the procedures for preventing the reoccurrence of non-compliance incidents as described above.

EFFECTS OF THE COVID-19 OUTBREAK

Effects of the COVID-19 Outbreak on Our Business Operations

An outbreak of respiratory illness caused by a novel coronavirus, COVID-19, was identified in late 2019. The new strain of COVID-19 is considered highly contagious and may pose a serious public health threat. Since then, stringent containment measures including travel restrictions had been imposed in the PRC in an effort to contain the COVID-19 outbreak. The World Health Organization, or the WHO, is closely monitoring and evaluating the situation. On January 30, 2020, the WHO declared the outbreak of COVID-19 a Public Health Emergency of International Concern, or the PHEIC. The COVID-19 outbreak subsequently evolved into a pandemic, spreading across China and around the world. With an aim to containing the COVID-19 outbreak, the PRC government has imposed measures across the PRC including partial lock-down measures across various cities in the PRC, the extended shutdown of business operations, and the mandatory quarantine requirements on infected individuals and anyone deemed potentially infected.

The outbreak, which is expected to result in a high number of fatalities, is likely to have an adverse impact on the livelihood of the people in and the economy of the PRC. The PRC government has taken various measures to manage cases and reduce potential spread and impact of infection. In addition, the PRC government and its legal counterparts have adopted various incentive policies to boost the economy, such as cutting taxes, increasing government investment, increasing market liquidity and cutting interest rates. The combination of fiscal and monetary incentives is expected to ease the negative impacts of the epidemic. According to JLL, the PRC real estate market is under pressure in the short term, although the impact is likely to ease after the epidemic is effectively controlled.

Our property projects under construction had generally experienced a suspension of operations due to the COVID-19 pandemic, with an average period of suspension of approximately one month. All of our property development projects had resumed construction work and all of our projects had resumed pre-sale activities as of the Latest Practicable Date; save as disclosed in "Business—Our Project Operation And Management—Project Delivery and After-Sales Management—Project Completion and Delivery Management," the COVID-19 pandemic did not result in any material delays in delivery of our projects. Further, the COVID-19 pandemic has resulted in suspension of pre-sale activities, and as a result, three of our projects located in Bozhou, Lixin and Ningyang experienced delays of pre-sale activities for approximately two to three months. As of the Latest Practicable Date, we had not encountered any significant shortage in construction material supply or labor resources, any significant difficulty or delay in project completion or pre-sale/sales of properties or any penalty relating to such incidents due to the COVID-19 outbreak which had a material adverse effect on business, operational and financial performance. Certain of our major suppliers operated in cities subject to lockdown or experienced disruptions in operations due to the outbreak of COVID-19, which did not cause any material adverse impact on us, and all of their operations had been resumed as of the Latest Practicable Date. We are of the view that the COVID-19 outbreak will not have a significant impact on our property development and sales as we believe sales could fully resume in the second quarter of 2020. Further, we believe that the COVID-19 outbreak would not have any material adverse impact on our Group's future business, operational and financial performance, despite the suspension of operations during the lockdown period, as (i) the comparatively long project development cycle which would allow us to make up for the lockdown period to a certain extent by adjusting our construction and sales and marketing schedules, and (ii) according to our industry consultant JLL, it is expected that once the outbreak is effectively controlled, the outlook for the residential and commercial property market in these cities will remain positive.

Investors are cautioned that the actual impact caused by the outbreak of COVID-19 will depend on its subsequent development. Therefore there is a possibility that such impact to our Group may be out of our Director's control and beyond our estimation and assessment.

Our Contingency Plan and Response towards the COVID-19 Outbreak

In response to the COVID-19 outbreak, we have implemented a contingency plan and have adopted enhanced hygiene and precautionary measures across our projects, including conducting daily health check, establishing coronavirus observation room, conducting regular disinfection to the common areas and sufficient storage of masks, ethanol hand wash, disinfectants and infrared thermometers for at least one week's use. For the year ended December 31, 2020, our expenses in relation to such enhanced hygiene measures amounted to approximately RMB0.5 million. This mainly represents the material costs for masks, ethanol hand wash, disinfectants and infrared thermometers. Costs associated with the enhanced measures did not have any significant impact on our Group's financial position for the year ended December 31, 2020.

In addition, we also implemented a business contingency plan as a response to the outbreak of COVID-19. Our Group promptly formed an emergency team and took various measures: (i) our operation management and engineering departments conferred with our contractors to determine whether there may be any delay in construction schedules, and to reschedule certain of our projects under construction to ensure the eventual punctual completion of construction; and (ii) our sales department, through various online channels to proceed the sales work, including telephone calls, WeChat advertisements and promotions, online house-selling and online car parks promotions. The foregoing measures allowed us to adjust our construction, sales and marketing schedules/plans so as to minimize the impact brought by the COVID-19 pandemic. As of the Latest Practicable Date, our Group had fully resumed business. Situations caused by the national spread of COVID-19 did not have material adverse impact on our results of operations for the year ended December 31, 2020. Our scheduled sales and pre-sales of the above-mentioned affected projects, namely, three projects located in Bozhou, Lixin and Ningyang, were delayed from 2020 to 2021, and the impact on our revenue generated from delivery of such affected projects was insignificant, given that the delivery of such properties, even after adjustments due to the COVID-19 pandemic, would be within the same financial year. Save as the above-mentioned, we made up for the impact of the lock-down period by adjusting our construction, pre-sale and marketing schedules. As such, save as the above-mentioned, all construction, pre-sale and marketing activities have caught up with their respective original schedules, and based on our review of the project construction schedules, projects originally scheduled to be delivered in 2020 is expected to commence, or have commenced, delivery in accordance with their respective schedules.

In the worst case scenario where our Group's projects are completely suspended since April 30, 2021, we by estimation can remain financially viable with 10.0% of the net IPO proceeds for at least 12 months based on the following assumptions: (i) construction of our projects are completely suspended therefore no construction costs to be paid, (ii) no proceeds from sale and pre-sale of properties to be received, (iii) only committed land purchases on or before April 30, 2021 will be paid, (iv) only employee salaries and basic maintenance expenses in the administrative expenses and selling and distribution expenses will be paid, and those associated with pre-sale activities will not be paid, (v) no plant, property and equipment will be purchased, and (vi) repayment of advances from/to non-controlling shareholders will not be paid as the repayment schedule is correlated with construction progress of the relevant projects.

Effects of the COVID-19 Outbreak on Our Expansion Plan

We are headquartered in Shanghai, deeply rooted in the development and sales of residential properties in Anhui Province and strategically expanded into cities in Yangtze River Delta. While the property market in the PRC may have experienced certain extent of impact as a result of the COVID-19 outbreak, given the economic growth, population agglomeration, industrial transformation and consumption upgrading, we believe that the demand for residential and commercial properties in these areas will still remain high. According to JLL, the outbreak of COVID-19 caused certain short-term real estate market slowdown across China, and it is expected that once the outbreak is effectively controlled, the outlook for the residential and commercial property market in these cities will remain positive. Given the foregoing, our Directors are of the view that our expansion plan as discussed in "—Our Strategies" is feasible, and it is unlikely that we would change the use of the net proceeds from the Global Offering as disclosed in "Future Plans and Use of Proceeds" in this prospectus as a result of the COVID-19 outbreak.

Although the real estate market was adversely affected by the COVID-19 outbreak in the first quarter of 2020, with the effective containment of the epidemic in the PRC and favorable economic policies, we believe we will be able to achieve our development goal and expansion plan.

*You should read the following discussion and analysis in conjunction with our audited or reviewed consolidated financial statements, including the notes thereto as of and for the years ended December 31, 2018, 2019 and 2020, included in the Accountants' Report set out in Appendix I to this prospectus. The Accountants' Report has been prepared in accordance with IFRSs issued by the International Accounting Standards Board (the "**IASB**"), which may differ in material aspects from generally accepted accounting principles in other jurisdictions.*

The following discussion and analysis and other parts of this prospectus contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in "Risk Factors."

For the purpose of this section, unless the context otherwise requires, references to 2018, 2019 and 2020 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a fast-growing real estate developer in the PRC focusing on the development and sales of residential properties. Headquartered in Shanghai and deeply rooted in Anhui Province, we have established our presence in the Yangtze River Delta. Since the establishment of our predecessor, Anhui Sanxun Investment, in 2004, we have been strategically focusing on the real estate market in Anhui Province, and expanded our operation from core prefecture-level cities to county-level cities in the province. We have also successfully expanded into the real estate markets of Shandong and Jiangsu provinces recently. As of April 30, 2021, our Group had a total of 44 projects at various stages of development, covering 12 cities in three provinces with an aggregate land bank of 4.3 million sq.m., composed of completed GFA of completed properties of 0.24 million sq.m., GFA of properties under development of 3.45 million sq.m. and GFA of properties held for future development of 0.61 million sq.m., respectively. As of the same date, our GFA of properties held for future development accounted for 14.2% of our total land bank.

We achieved rapid growth during the Track Record Period. Our revenue increased to RMB3,946.1 million in 2020 from RMB723.9 million in 2018. Our land bank increased from 3.9 million sq.m. as of December 31, 2018 to 4.3 million sq.m. as of April 30, 2021. According to EH Consulting (億瀚智庫), we ascended to No. 71 in 2020 from No. 130 in 2018 among the Top 200 Real Estate Developer Sales Ranking in the PRC in terms of contracted sales, marking a new page of our development.

Adhering to the development philosophy of "Creating a Happy Life (創造幸福生活)", we have developed different product lines, including "New Chinese (新中式)" and "College Style (學院風)", distinguished primarily by exterior designs. Each product line offers diversified products catering to the needs of different customer bases, including first-time homebuyers (剛需型), first-time home upgraders (剛改型) and optional home upgraders (改善型). We also refine our product lines continuously as customer demands evolve. In addition, we aim to provide quality living experience to customers and promote environmental and health concepts when designing our products.

We adopt a systematic approach to the property development process and have implemented standardized procedures to accelerate asset turnover and enhance operational efficiency throughout the project cycle. We believe our high operational efficiency has enabled us to achieve relatively fast cash turnover and low leverage ratio. As of December 31, 2018 and 2020, we recorded a net cash position. As of December 31, 2019, our net gearing ratio was approximately 22.9%. According to Anhui Economic and Information Bureau (安徽省經濟和信息化廳), among all private real estate enterprises headquartered in or primarily focusing on Anhui Province, we were ranked 3rd in terms of operating income in 2019. In March 2020, we were honored as one of the 2020 China Top 100 Real Estate Developers (2020年房地產百強企業) and 2020 China Star Real Estate Developers (2020年房地產百強之星) by China Real Estate Top 10 Research (中國房地產TOP 10研究組) based on a comprehensive assessment system covering seven secondary indicators: scale, profitability, growth, stability, financing, operation efficiency and social responsibility. In September 2020, we were honored as one of the 2020 Top 50 Brands of China Real Estate Companies (2020中國房地產公司品牌價值Top 50) by China Real Estate Top 10 Research. We were also honored as one of the Top 100 Real Estate Companies in China in Terms of Brand Value (中國房企品牌價值Top 100) and Top 100 Real Estate Companies in China in Terms of Overall Strength (中國房企綜合實力Top 100) by EH Consulting in August 2020.

BASIS OF PRESENTATION

Pursuant to the Reorganization as disclosed in the section entitled "History, Reorganization and Corporate Structure" in this prospectus, our Company became the holding company of the companies now constituting our Group on August 6, 2019. The companies now constituting our Group were under the common control of the Controlling Shareholders before and after the Reorganization. Accordingly, the financial information of our Group has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Track Record Period.

The historical financial information of our Group has been prepared in accordance with IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. The areas involving higher degree of judgment or complexity, or the areas where assumptions and estimates are significant to the consolidated financial statements are discussed in detail below.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

Economic Conditions and Regulatory Environment in the PRC

The real estate industry in the PRC is significantly dependent on the PRC's overall economic conditions, urbanization process and regulatory environment.

Our business and results of operations will be affected by the overall economic growth and the urbanization rate in the PRC, which is affected by a number of macroeconomic factors, including changes in the global economy as well as the macroeconomic, fiscal and monetary policies of the PRC government. Such macroeconomic dynamics and policies have in the past affected and will likely continue to affect the supply and demand for properties and property pricing trends in the cities and regions where we operate and intend to operate. Moreover, the macroeconomic conditions in the PRC affect the costs of our projects and the profitability of our business. For example, as the economy continues to grow, labor costs in China have increased significantly in recent years and are expected to continue to increase, which increased our cost of sales. If we fail to respond to changes in the market conditions in a timely manner, our business, results of operations and financial condition may be materially and adversely affected.

In addition, our business is subject to extensive governmental regulation. In particular, we are sensitive to policy changes in the PRC property sector. To control the overheated property market, the PRC governments have implemented a series of measures, discouraging speculative investments and increasing the supply of affordable residential properties. These measures, such as imposing business tax on the sales proceeds for second-hand transfers of properties, raising the minimum down payment of residential properties and restriction on the use of funds from pre-sale, made the properties we developed more costly, unattractive or even unavailable to certain of our customers. Moreover, PRC governments implemented a series of policies restricting, among other things, land grants, pre-sales of properties, purchase and resale of properties, bank loans, mortgage financing, taxation, planning design and construction and trust financing arrangements for property development projects, which significantly impacted the availability and cost of financing for real estate developers, including us. In addition, restrictive regulations may also affect the availability and cost of financing for potential property purchasers, such as higher minimum down payment requirements, higher mortgage rates provided by commercial banks, restrictions on the number of properties local residents may purchase and increasing taxes on title transfer and property ownership. In the third quarter of 2014, the property market in the PRC has witnessed signs of a slowdown. The PRC government has eased certain restrictive measures to foster the growth of the property market in China, encourage transactions and reduce idle housing inventory. These measures may change the balance of supply and demand in the PRC real estate industry, cause fluctuation in the property pricing trend in the market and in turn could have an impact on our property construction timetable and our average selling prices, affecting our property sales revenue and our results of operations. We currently focus on developing properties that target customers who are either first-time home purchasers, first-time home upgraders or optional home upgraders, which mainly represent property development activities that are encouraged under the current regulatory environment in the PRC. As a result, we believe that we are less susceptible to the restrictive measures and will continue to benefit from the continued economic growth and urbanization, as well as the government policies to foster the continued growth of the property market in the PRC.

Furthermore, our business operation is affected by local, Anhui Province in particular, economic conditions, regulatory environments and cultural backgrounds. As we expand into new markets, we may not have the same level of familiarity with local regulatory environment, local economic conditions, local contractors, business practices, customs and customer tastes, behaviors and preferences. If we cannot successfully leverage our experience or understand the property market in any other cities which we intend to enter, our business, results of operations and financial position may be adversely affected.

Availability and Cost of Land in Strategically Selected Locations

The growth and success of our business depend on our ability to continue to acquire land bank in desirable locations at competitive costs. During the Track Record Period, we primarily acquired land by participating in government organized auctions and public listing-for-sale process. We also acquired land for our projects by acquiring equity interests from companies possessing land use rights or cooperated with other developers. In addition, we may occasionally acquire land by participating in urban redevelopment projects. The competition among property developers in regional major cities or other cities with high growth potential where many of our properties are located has been intense, and is likely to intensify as the PRC economy continues to grow and demand for commodity properties remains relatively strong. The land supply policies and implementation measures promulgated by the PRC governments are likely to further reduce the available land supply and intensify competition, which would result in an increase in the land use rights costs. There is no assurance that we will be able to continue to acquire equity interests in companies that possess land use rights at favorable prices given the increasing competition for obtaining land supply. In order to participate in the government organized auctions and listing-for-sale process, we are required to pay a deposit upfront, which typically represents a significant portion of the actual cost of the relevant land. Moreover, as specified in relevant regulations, we are required to settle the land premium within one year after signing the land grant contract, which has accelerated the timing of our payment for land use rights costs and had a significant impact on our cash flows and liquidity. It is generally expected that land premiums will continue to rise in the PRC as the economy continues to grow. Any increase in our land use rights costs resulting from the market competition and shortage of supply or our inability to procure land could have a material and adverse effect on our business operations and financial condition.

Timing of Property Development, Pre-sale and Delivery

Our capacity to develop property projects during any particular period is limited by a number of factors, including, but not limited to, substantial capital requirements for land acquisitions and construction and labor costs as well as land supply. The development of a property project may take several months to even years before the commencement of pre-sale, depending on the size and difficulty of the project, and no revenue with respect to such project is recognized until it is completed and delivered to the customers. As market demand fluctuates, the revenue we recognize in a particular period may depend on market conditions at the time a particular project is sold. Moreover, delays in construction, regulatory approval and other processes can adversely affect the timetable of our projects. Given these limitations, timing differences and uncertainties, coupled with the substantial capital requirements of property development, our Group can undertake only a limited number of projects at any one time. Since the delivery of our properties varies according to our construction timetable, our results of operations are likely to continue to fluctuate in the future.

Moreover, selling properties prior to completion, known as the pre-sale of properties, constitutes the most important source of our operating cash inflow during project development. The current PRC laws allow us to pre-sell properties upon the satisfaction of certain requirements and to use the pre-sale proceeds to develop the property projects that are pre-sold. The amount and timing of cash inflows from pre-sales are affected by a number of factors, including timing and other restrictions on pre-sale imposed by the PRC governments, market demand for our properties subject to pre-sale and the number of properties we have available for pre-sale. We cannot assure you that the PRC governments will not impose more stringent requirements on pre-sales, or will continue to allow pre-sales in the future. Reduced cash inflows from pre-sales of our properties will increase our reliance on external financing, increase our finance costs and impact our ability to finance our property developments as well as profitability.

Revenue and Product Mix

We derive our revenue principally from the sale of properties that our Group developed. The average selling prices per sq.m. and gross profit margins of our properties vary by the type of properties we develop and sell. Our gross profit margin is affected by the proportion of revenue attributable to our high gross margin properties compared to revenue attributable to lower gross margin properties. We proactively and closely plan and manage the relative growth of our sales of properties, in order to achieve and maintain a desirable revenue mix from these properties.

With respect to the revenue we generated from sale of properties, we price our properties by taking into account various factors, including, among others, prevailing local market prices, supply and demand conditions, the type and positioning of properties being developed. The price of properties in different cities can have significant difference, so are the related land use rights costs. Moreover, even in the same city or region, the price of properties in each of our product series may vary significantly. Therefore, our results of operations and cash flows may vary from period to period depending on the types, total GFA and the location of properties delivered and the average selling prices of these properties sold.

Construction and Labor Costs

One of the key components of our cost of sales is construction and labor costs. Construction and labor costs are affected by the prices of certain key construction materials, such as steel and cement, and the cost of construction workers. Most building construction materials, including steel and cement, are procured by contractors we engage. We typically designate the brands and quality requirements of construction materials in our construction agreements. With respect to most of our general contracting agreements, the construction contract price will be adjusted if the market price fluctuation of such materials exceeds a certain threshold, and we, as a result, will bear the risks or enjoy the benefits associated with such price increases or decreases outside this range. We can, to a certain extent, pass the increases in raw material costs to our customers by increasing the prices of our properties. However, we still bear the risk of price fluctuations in raw materials to the extent that we are unable to increase our prices to fully cover any increases in costs.

Since property development is labor-intensive, labor costs constitute a significant portion of our cost of sales. To cope with rising labor costs, we have implemented a number of cost-saving measures, such as adoption of information technology systems and offering of professional development trainings to improve operational efficiency. However, we cannot assure you that our cost control efforts will always be effective. If we are unable to successfully maintain labor costs at a reasonable level or pass on any increase to our customers by selling our properties at a price sufficient to cover such increase in labor costs, we may not be able to achieve our target profitability.

Access and Cost of Financing

During the Track Record Period, we financed our operations primarily through (i) cash generated from operations, primarily including proceeds from the pre-sale of our properties; and (ii) external financings, such as borrowings from commercial banks, trust financing and other financing arrangements. Bank loans from commercial banks are subject to substantial laws and regulations imposed by the PRC governments. In particular, we are highly susceptible to any regulations or measures adopted by the PBOC that restrict bank lending, especially those that restrict the ability of real estate developers to obtain bank financing. In recent years, the PRC governments have tightened the restrictions on lending, especially to real estate developers. As commercial banks in the PRC link the interest rates on their loans to benchmark lending rates published by the PBOC, we expect that any increase in the benchmark lending rates will increase our borrowing costs. In addition, as of December 31, 2020, we had five outstanding trust and asset management financings, the total outstanding principal amount of which accounted for 37.7% of our total borrowings. Trust financings usually have a greater flexibility in terms of fund availability and repayment requirements. While trust financing providers, asset management companies and other financial institutions generally do not link their interest rates to the PBOC benchmark lending rates, they typically charge higher interest rates than those charged by commercial banks. In addition, trust financing is under the supervision and monitoring of the CBIRC and is required to comply with notices and regulations promulgated by the CBIRC. The CBIRC may impose stringent requirements on providers of trust financing. Such measures could limit the amount that trust financing providers, asset management companies and other financial institutions can make available for the PRC property development industry as a whole and to us. As such, any increase in interest rates offered to us and the general credit availability may impact our real estate development business.

As of December 31, 2018, 2019 and 2020, our total outstanding borrowings amounted to RMB709.7 million, RMB1,757.1 million and RMB2,096.5 million, respectively. The weighted average effective interest rates on our total borrowings as of December 31, 2018, 2019 and 2020 were 14.0%, 12.3% and 9.4%, respectively. We may from time to time in the future obtain further funding by accessing both the international and domestic capital markets, including but not limited to the issuance of corporate bonds, asset-backed securities programs and debt offerings, to diversify our financing sources, secure sufficient working capital and to support our business expansion. In addition, a significant portion of our finance costs are capitalized at the time they are incurred to the extent such costs are directly attributable to project construction. An increase in our finance costs will negatively affect our profitability and results of operations and the availability of financing will affect our ability to engage in our project development activities, which will adversely affect our results of operations.

LAT

Our property developments are subject to LAT with respect to the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign invested real estate developers in the PRC and is levied at progressive rates ranging from 30% to 60% of the appreciation of land value. We recorded LAT expenses of RMB26.6 million, RMB145.6 million, and RMB129.7 million for the years ended December 31, 2018, 2019 and 2020, respectively. We make provisions for LAT based on our recognized revenue and our estimates of the LAT rate under relevant PRC laws and regulations. However, the provision for LAT requires our management to use a significant amount of judgment and estimates and we cannot assure you that the relevant tax authorities will agree to the basis on which we have calculated our LAT liabilities for provision purposes, or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us. Any of such difference may affect our profit after tax and our deferred tax provision for each period after taxes are finalized by relevant tax authorities.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Some of our critical accounting policies involve subjective assumption and estimates, as well as complex judgments by our management relating to accounting items. Our significant accounting policies are set forth in details in Note 2.4 to the Accountants' Report included in Appendix I to this prospectus.

The estimates and associated assumptions are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. When reviewing our financial results, you should consider: (i) our selection of critical accounting policies; (ii) the judgment and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. The determination of these items requires management judgments based on information and financial data that may change in future periods, and as a result, actual results could differ from those estimates.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of properties and services provided in the ordinary course of our Group's activities. Revenue is shown, net of taxes.

Sales of Properties

We recognize revenue when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time.

In determining the transaction price, we adjust the promised amount of consideration for the effect of a financing component if it is significant.

For sales contracts for which the control of the property is transferred at a point in time, we recognize revenue when the purchaser obtains the physical possession or the legal title of the completed property and we have present right to payment and the collection of the consideration is probable.

Other Income

We recognize interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend Income

We recognize dividend income when the shareholders' right to receive payment has been established.

Properties under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land use rights costs, construction and labor costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value. We allocate land use rights costs to each unit according to the proportion of their respective salable GFA to the total saleable GFA. We identify and allocate construction and labor costs relating to units specifically, and allocate common construction and labor costs according to the saleable GFA similar to land use rights cost. We classify properties under development as current assets unless those will not be realized in normal operating cycle. On completion, we transfer the properties to completed properties held for sale.

Completed Properties Held for Sale

We state completed properties held for sale in the statements of financial position at the lower of cost and net realizable value. We determine cost by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realized, less estimated costs to be incurred in selling the properties.

Leases

Right-of-use Assets

We recognize right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). We measure right-of-use assets at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless we are reasonably certain to obtain ownership of the leased asset at the end of the lease term, we depreciate the recognized right-of-use assets on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, we recognize lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by us and payments of penalties for terminating a lease, if the lease term reflects our exercising the option to terminate. We recognize the variable lease payments that do not depend on an index or a rate as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, we remeasure the carrying amount of lease liabilities if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets

We apply the short-term lease recognition exemption to our short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). We also apply the low-value asset recognition exemption to leases of office equipment that is considered of low value (i.e., below RMB30,000). We recognize lease payments on short-term leases and leases of low-value assets as expense on a straight-line basis over the lease term.

Financial Liabilities

Initial Recognition and Measurement

We recognize financial liabilities when, and only when, our Group becomes a party to the contractual provisions of the financial instruments. We determine the classification of our financial liabilities at initial recognition. We classify financial liabilities, at initial recognition, as loans and borrowings, as appropriate. We recognize all financial liabilities initially at fair value and in the case of financial liabilities not at fair value through profit or loss, net of directly attributable transaction costs.

Subsequent Measurement

After initial recognition, we measure financial liabilities that are not carried at fair value through profit or loss subsequently at amortized cost using the effective interest method. We recognize gains and losses in profit or loss when we derecognize the liabilities, and through the amortization process.

Loans and borrowings

After initial recognition, we measure interest-bearing loans and borrowings subsequently at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case we state them at cost. We recognize gains and losses in profit or loss when we derecognize the liabilities as well as through the effective interest rate amortization process. We calculate amortized cost by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. We include the effective interest rate amortization in finance costs in the statement of profit or loss.

Derecognition of Financial Liabilities

We derecognize a financial liability when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, we treat such an exchange or modification as a derecognition of the original liability and a recognition of a new liability, and recognize the difference between the respective carrying amounts in profit or loss.

Borrowing Costs

We capitalize borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. We deduct investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets from the borrowing costs capitalized. We expense all other borrowing costs in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income Tax

Income tax comprises current and deferred tax. We recognize income tax relating to items recognized outside profit or loss outside profit or loss, either in other comprehensive income or directly in equity. We measure current tax assets and liabilities for the current and prior periods at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each year during the Track Record Period, taking into consideration interpretations and practices prevailing in the countries in which our Group operates. We provide deferred tax, using the liability method, on all temporary differences at the end of each year during the Track Record Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

We recognize deferred tax liabilities for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

We recognize deferred tax assets for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. We recognize deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates we recognize deferred tax assets only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

We review the carrying amount of deferred tax assets at the end of each year and reduce it to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. We assess unrecognized deferred tax assets at the end of each year and recognize them to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

We measure deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Track Record Period.

Deferred tax assets and deferred tax liabilities are offset if and only if we have a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth our consolidated statements of comprehensive income for the years indicated:

	For the year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Revenue	723,914	3,108,726	3,946,091
Cost of sales	(517,076)	(2,130,109)	(2,881,130)
Gross profit	206,838	978,617	1,064,961
Other income and gains	6,781	9,652	12,449
Selling and marketing expenses	(69,288)	(143,803)	(200,203)
Administrative expenses	(42,602)	(104,161)	(188,662)
Other expenses	(5,279)	(9,224)	(16,549)
Finance costs	(8,646)	(44,313)	(22,087)
Share of losses of associate	–	(4,124)	(6,620)
Profit before tax	87,804	682,644	643,289
Income tax expense	(42,812)	(287,323)	(275,593)
Profit and total comprehensive income for the year	44,992	395,321	367,696
Attributable to:			
Owners of the parent	57,623	442,121	367,253
Non-controlling interests	(12,631)	(46,800)	443
	44,992	395,321	367,696

DESCRIPTION OF CERTAIN MAJOR COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our revenue during the Track Record Period consisted of revenue derived from sales of properties. In 2018, 2019 and 2020, we recorded revenue of RMB723.9 million, RMB3,108.7 million and RMB3,946.1 million, respectively.

Our operating results for any given period are dependent upon the GFA and the selling prices of the properties our Group delivered during such period and the market demand for those properties. Conditions of the property markets change from period to period and are affected by the economic, political and regulatory developments in the PRC in general as well as in the cities and regions in which our Group operates. During the Track Record Period, our GFA delivered fluctuated from period to period depending on the size of the projects and the stage of their development. The recognized ASP of properties sold also fluctuated from period to period depending on the selling prices for properties in cities and regions where our Group developed and sold property projects. The significantly higher recognized ASP of our projects in Chuzhou, Lixin, Bozhou and Fengyang was primarily due to (i) the increasing market demand for residential and commercial properties resulted from urbanization; (ii) the convenient location near the local transportation station and new municipal office district; and (iii) the mature ancillaries in surrounding areas as well as high-end market positioning for projects in these cities and regions. According to JLL Report, such fluctuations are reasonable as compared to comparable residential properties in the same cities and regions. The table below sets forth the revenue recognized, the aggregate GFA delivered and the recognized ASP for the periods and regions indicated:

	For the year ended December 31,								
	2018			2019			2020		
	GFA delivered	Recognized Revenue	Recognized ASP	GFA delivered	Recognized Revenue	Recognized ASP	GFA delivered	Recognized Revenue	Recognized ASP
	(sq.m.)	*RMB'000*	*(RMB/sq.m.)*	*(sq.m.)*	*RMB'000*	*(RMB/sq.m.)*	*(sq.m.)*	*RMB'000*	*(RMB/sq.m.)*
Chuzhou[(1)]	43,815	189,010	4,314	94,490	540,653	5,722	120,280	840,932	6,991
Mingguang	59,215	252,518	4,264	59,632	296,026	4,964	77,656	372,785	4,800
Lixin	27,796	179,123	6,444	83,685	553,457	6,614	142,754	985,338	6,902
Bozhou[(2)]	16,783	103,263	6,153	170,184	1,200,361	7,053	165,047	1,331,211	8,066
Fengyang	–	–	–	100,359	518,229	5,164	4,060	32,874	8,097
Ningyang	–	–	–	–	–	–	70,020	382,951	5,469
Total	147,609	723,914	4,904	508,350	3,108,726	6,115	579,817	3,946,091	6,806

Notes:

(1) Excludes Mingguang and Fengyang

(2) Excludes Lixin

The table below sets forth our revenue recognized, our aggregate GFA delivered and our recognized ASP by property type for the periods indicated:

	For the year ended December 31,								
	2018			2019			2020		
	GFA delivered	Recognized Revenue	Recognized ASP	GFA delivered	Recognized Revenue	Recognized ASP	GFA delivered	Recognized Revenue	Recognized ASP
	(sq.m.)	*RMB'000*	*(RMB/sq.m.)*	*(sq.m.)*	*RMB'000*	*(RMB/sq.m.)*	*(sq.m.)*	*RMB'000*	*(RMB/sq.m.)*
Residential	138,681	654,964	4,723	476,693	2,779,497	5,831	535,793	3,549,223	6,624
Commercial	5,521	60,388	10,938	25,856	315,995	12,221	33,777	378,346	11,201
Carparks and underground storage space[(1)]	3,407	8,562	2,513	5,801	13,235	2,281	10,247	18,522	1,808
Total	147,609	723,914	4,902	508,350	3,108,726	6,115	579,817	3,946,091	6,806

Note:

(1) Includes nonsaleable carparks for which we transferred the right of use to customers.

Consistent with industry practice, we typically enter into sales contracts with customers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. In general, there is a time difference, typically from 18 to 30 months, between the time we commence the pre-sale of properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and the possession of such properties has been delivered to the customers. Proceeds from customers of pre-sold properties are recorded as "contract liabilities" before relevant sales revenue is recognized. Since the revenue from sale of properties is only recognized upon the delivery of properties, the timing of such delivery may affect not only the amount and growth rate of our revenue from sale of properties but also may cause other payables and accruals to fluctuate from period to period.

Our revenue increased during the Track Record Period, which is generally in line with our business expansion. GFA completed and delivered increased from 147,609 sq.m. in 2018 to 508,350 sq.m. in 2019, and further increased to 579,817 sq.m. in 2020. We closely monitor market demand for residential properties and relevant governmental policies and take a prudent approach in land acquisition. Market demand for residential properties dropped in 2014 and 2015 as compared with 2013 due to market sentiment. According to JLL, GFA of residential properties sold in the PRC decreased from 1,157 million sq.m. in 2013, to 1,052 million sq.m. in 2014 and 1,124 million sq.m. in 2015. In response to the market fluctuations and the general trend of decline in sales of residential properties, we made less land acquisitions in 2014 and 2015 to limit our exposure to market risks, and thus had relatively less properties held for sale in 2017 as our property development cycle typically ranges from two to three years. Our revenue increased significantly in 2019 as compared to 2018, primarily due to the increase in GFA delivered of our projects. Our revenue increased to RMB3,946.1 million in 2020 from RMB3,108.7 million in 2019, primarily due to increase in GFA delivered of our projects.

Cost of Sales

Our cost of sales primarily represents the costs we incur directly associated with the property development activities. The principal components of our cost of sales include construction and labor costs, land use rights costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

- *Construction and labor costs.* Construction and labor costs include all the costs for the design and construction of a project, including costs of construction materials and labor costs. Our construction and labor costs are affected by a number of factors, including the type and geographic condition of the properties constructed and the type and amount of construction materials used, which may vary from city to city. Historically, construction material costs, which are generally included in the payments to the construction contractors, particularly the cost of steel and cement, have been a primary contributing factor in terms of fluctuations in our construction and labor costs.

- *Land use rights costs*. Land use rights costs include costs relating to acquisition of the rights to occupy, use and develop land and primarily land premiums incurred in connection with a land grant from the government. These costs for a project are affected by a number of factors, such as the location of the underlying property, regional property market condition, the timing of the land acquisition, the project's plot ratios, the method of acquisition and changes in PRC regulations. We may also be required to pay demolition and resettlement costs, subject to the condition of the land parcel acquired.

- *Capitalized interest*. We capitalize a significant portion of our finance costs to the extent that such costs are directly attributable to the construction of a particular project. Finance costs that are not directly attributable to the development of a project are expensed and recorded as finance costs in our consolidated income statements in the period in which they are incurred.

The table below sets forth information relating to our cost of sales for the periods indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Cost of properties sold:						
Construction and labor costs	315,847	61.1	1,133,651	53.2	1,411,064	49.0
Land use rights costs	142,883	27.6	716,532	33.6	1,102,115	38.2
Capitalized interest	58,346	11.3	279,926	13.2	367,951	12.8
Total	517,076	100.0	2,130,109	100.0	2,881,130	100.0
Total GFA delivered *(sq.m.)*	147,609	–	508,350	–	579,817	–
Average cost per sq.m. sold *(RMB)*[(1)]	3,503.0	–	4,190.2	–	4,969.0	–
Average cost as % of recognized ASP (%)	71.4	–	68.5	–	73.0	–
Average land use rights cost per sq.m. sold *(RMB)*[(2)]	968.0	–	1,409.5	–	1,900.8	–
Average land use rights cost as % of recognized ASP (%)	19.7	–	23.1	–	27.9	–

Notes:

(1) Refers to the average cost of our properties sold and is derived by dividing the sum of construction and labor costs, land use rights costs and capitalized interest for a period by the total GFA delivered in that period.

(2) Refers to the average land use rights cost of our properties sold and is derived by dividing the land use rights costs for a period by the total GFA delivered in that period.

Our cost of sales fluctuated primarily in line with the fluctuations of our revenue, which was in turn affected by the GFA delivered during the same period. In addition, the land use rights costs and construction and labor costs vary according to the location of land parcels and the type of properties. Our average construction and labor costs per sq.m. sold slightly increased to RMB2,230.1 in 2019 from RMB2,139.8 in 2018 primarily attributable to the comparatively high average construction and labor costs per sq.m. of certain of our projects, particularly Bozhou Park Villa (亳州公園墅) and Fengyang No. 1 Yard (鳳陽壹號院). Our average construction and labor costs per sq.m. sold slightly increased to RMB2,439.4 in 2020 from RMB2,230.1 in 2019 primarily attributable to the comparatively high average construction and labor costs per sq.m. of certain of our projects, particularly Lixin No. 1 Yard (利辛壹號院), Bozhou Gongguan (亳州公館), Bozhou Park Alley (亳州公園里) and Chuzhou Joy Shire (British Mansion) (滁州和悦郡（英倫華第）). Our average land use rights cost per sq.m. sold increased to RMB1,409.5 in 2019 from RMB968.0 in 2018 primarily due to that the higher average land use rights costs for certain properties delivered/partially delivered in 2019, such as Lixin No. 1 Yard (利辛壹號院), Bozhou Park Villa (亳州公園墅) and Fengyang No. 1 Yard (鳳陽壹號院). Our average land use rights cost per sq.m. sold increased to RMB1,900.8 in 2020 from RMB1,409.5 in 2019 primarily due to that the higher average land use rights costs for certain properties delivered in 2020, such as the average land use rights costs for Lixin No. 1 Yard (利辛壹號院), Bozhou Gongguan (亳州公館), Bozhou Park Alley (亳州公園里) and Chuzhou Joy Shire (British Mansion) (滁州和悦郡（英倫華第）). Our cost of sales increased from RMB517.1 million in 2018 to RMB2,130.1 million in 2019 and further increased to RMB2,881.1 million in 2020, primarily due to the continuous increase in GFA delivered. On the other hand, the average cost per sq.m. sold increased in 2018, primarily as a result of increasing land use rights costs and construction and labor costs of Lixin British Mansion (利辛英倫華第) Phase I and Bozhou No. 1 Yard (亳州壹號院) Phase I. Our cost of sales as a percentage of the revenue decreased from 71.4% in 2018 to 68.5% in 2019 primarily due to an increase in the recognized ASP of our projects, which is in line with the market conditions in the regions where we operate, and our improved operational efficiency. Our cost of sales as a percentage of the revenue increased from 68.5% in 2019 to 73.0% in 2020, primarily due to increase in the recognized unit costs of our projects delivered in 2020, which was in line with the increase in land acquisition costs and construction and labor costs from the three projects newly delivered/partially delivered in the same period, namely, Bozhou Bo's Mansion (亳州亳公館), Bozhou Park Alley (亳州公園里) and Chuzhou Joy Shire (British Mansion) (滁州和悦郡（英倫華第）).

Gross Profit and Gross Profit Margins

The table below sets forth a breakdown of our gross profit and our gross profit margin for the periods indicated:

	For the year ended December 31,					
	2018		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Sales of properties	206,838	28.6	978,617	31.5	1,064,961	27.0

Our gross profit increased from RMB206.8 million in 2018 to RMB978.6 million in 2019, and further to RMB1,065.0 million in 2020. Our gross profit margins increased from 28.6% in 2018 to 31.5% in 2019. Our gross profit margin decreased from 31.5% in 2019 to 27.0% in 2020. The fluctuation in our gross profit was primarily due to the fluctuation in our GFA delivered. The fluctuation in our gross profit margins was primarily due to the variation of gross profit margins in different property projects, which was as a result of the different selling prices, construction and labor costs and land use rights costs of our properties. Our gross profit margin decreased to 27.0% in 2020 from 31.5% in 2019, primarily due to the comparatively low gross profit margins from Chuzhou Sanyue Lanshan (Langya House) (滁州三悅瀾山(琅琊府)), Bozhou Bo's Mansion (亳州亳公館), Mingguang No. 1 Yard (明光壹號院), Lixin Platinum House (利辛鉑悅府) and Lixin Wenzhou House (利辛文州府). Our gross margin increased to 31.5% in 2019 from 28.6% in 2018, primarily due to contributions from the completion and delivery of Chuzhou Joy Shire (British Mansion) (滁州和悅郡(英倫華第)) and Lixin British Mansion (利辛英倫華第) in 2019 which recorded comparatively higher gross profit margins of 46.1% and 39.7%, respectively, as a result of their relatively higher ASP due to their location and lower average cost per sq.m. sold.

Other Income and Gains

The table below sets forth a breakdown of our other income and gains for the periods indicated:

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Interest income	2,416	6,345	7,626
Investment income	3,464	1,382	354
Foreign exchange gain	–	697	513
Gain on disposal of an associate	–	–	2,366
Gain on disposal of a subsidiary	–	111	2
Changes in fair value of financial assets at fair value through profit or loss	2	61	–
Forfeiture of deposits	878	410	1,061
Government grants	–	83	65
Others	21	563	462
Total	6,781	9,652	12,449

Our other income and gains primarily consist of interest income, investment income, forfeiture of deposits and others. Interest income primarily consists of interest income on bank deposits and investment income primarily consists of wealth management products. Forfeiture of deposits primarily represents forfeited deposits received from certain homebuyers who did not subsequently enter into pre-sale/sales contracts with us and penalties received from certain customers due to their breach of sales or pre-sales contracts with us. Investment income primarily consists of interest income on other receivables due from third parties to us.

Other income and gains increased from RMB6.8 million in 2018 to RMB9.7 million in 2019. Our other income and gains increased from RMB9.7 million in 2019 to RMB12.4 million in 2020.

During the Track Record Period, we invested in certain RMB-denominated wealth management products issued by commercial banks or trust companies. The wealth management products we invested in during the Track Record Period were not principal protected. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, including but not limited to market and investment conditions, economic developments, investment cost, duration of investment and the expected returns and potential losses of such investment. During the Track Record Period, our annual return on the wealth management products ranged from 1.29% to 4.10%, redeemable upon demand or with a relatively short term of eight to 78 days to ensure sufficient liquidity. We made investments in these wealth management products primarily for the purposes of enhancing our income without interfering with our business operation or capital expenditures. Our treasury departments at project companies level create and submit the application for the purchase of wealth management products to the financial management center of our Group. Our financial management center will review the application materials received. If our financial management center approves the application, it will be further transferred to our Chief Executive Officer for review and approval. We believe that our internal control policies regarding investment in financial assets and risk management mechanism are adequate. To achieve reasonably higher return on our excess cash than regular bank deposits, we may continue to take a prudent approach to make selective investment in similar wealth management products in accordance with our internal wealth investment policies. As of December 31, 2018 and 2019 and 2020, our investments in wealth management products were valued at RMB2.1 million, RMB22.6 million and nil, respectively. The increase in investments in wealth management products was due to our effort to manage our cash in hand more effectively. Our wealth management products as of December 31, 2018 and 2019 were redeemed subsequently in January 2019 and 2020, respectively, and the expected income for all such wealth management products had been realized.

To achieve reasonably higher return on our excess cash than regular bank deposits, we may continue to take a prudent approach to make selective investment in similar wealth management products with low risk from reputable PRC banks with a term of less than 30 days and an annualized interest rate above that of regular bank deposits, with an investment limit not exceeding RMB100 million in accordance with our internal wealth management product investment policies.

Selling and Marketing Expenses

Selling and marketing expenses primarily consist of sales commissions, advertising, marketing and business development expenses, staff costs, depreciation and amortization, office expenses, rent, travel and others. Sales commissions include commissions paid to third-party sales agency pursuant to the respective agreement. Advertising, marketing and business development expenses primarily consist of advertising costs, marketing events costs, sales facilities costs and market consulting fees. Staff costs include staff salaries, social security expenses, public reserve funds, staff welfare, staff training costs, staff dining costs, labor protection expenses, etc. Depreciation and amortization are primarily related to our model units and showrooms.

The following table sets forth a breakdown of key components of our selling and marketing expenses, in absolute amounts for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Advertising, marketing and business development expenses	25,375	36.6	55,210	38.4	79,414	39.7
Staff costs	30,635	44.2	38,422	26.7	53,654	26.8
Depreciation and amortization	4,969	7.2	12,404	8.6	12,629	6.3
Office expenses	4,455	6.4	8,877	6.2	19,626	9.8
Sales commissions	2,079	3.0	25,323	17.6	28,809	14.4
Rent	612	0.9	1,020	0.7	3,390	1.7
Travel	531	0.8	836	0.6	615	0.3
Others[(1)]	632	0.9	1,711	1.2	2,066	1.0
Total	69,288	100.0	143,803	100.0	200,203	100.0

Note:

(1) Others include other daily operational expenses, hospitality expenses and maintenance.

The fluctuation of our sales commissions during the Track Record Period was primarily in line with the fluctuation of our revenue. We recognize sales commission expenses only after the relevant revenue was recognized. Our selling and marketing expenses continued to increase from 2018 to 2019, primarily attributable to an increase in properties presold. Our selling and marketing expenses increased from RMB143.8 million in 2019 to RMB200.2 million in 2020, primarily attributable to increases in advertising, marketing and sales commission during the same period. The increase of our staff costs included in the selling and marketing expenses during the Track Record Period was primarily due to the increase in pre-sale activities of our newly developed projects.

As advised by our industry consultant, JLL, our overall sales commission rates for each year during the Track Record Period were within the range of commission rates prevailing in the relevant local market, as suggested by the Anhui Chamber of Commerce (安徽省商會). The table below sets forth the GFA sold, units sold and sales staff and third-party sales agencies engaged during each period comprising the Track Record Period.

	GFA sold	**Units sold**	**Sales staff and third-party sales agencies engaged**	
	sq.m.	*unit*	*Sales staff*	*Third- party agencies*
2018	533,946	4,393	251	1
2019	1,003,177	9,278	276	2
2020	831,242	7,362	344	9

We maintained a sales team with an average number of 251, 276 and 344 employees in 2018, 2019 and 2020, respectively. Increase in the number of sales staff during the Track Record Period was primarily attributable to our efforts towards expanding our own sales team and strengthening our sales capacity.

For the years ended December 31, 2018, 2019 and 2020, the average sales commission our Company paid to its sales staff was approximately RMB78,748, RMB93,242 and RMB93,902, respectively.

The table below sets forth the sales commissions paid to, and the commission rates of, each of the sales agencies engaged by our Group during the Track Record Period.

		2018		2019		2020	
Relevant project	Third-party sales agency	Commission paid	Ratio of commission paid to proceeds from contracted sales/presale	Commission paid	Ratio of commission paid to proceeds from contracted sales/presale	Commission paid	Ratio of commission paid to proceeds from contracted sales/presale
		RMB'000	%	*RMB'000*	%	*RMB'000*	%
Huainan Academy No. 1 (淮南學府壹號)	Sales Agency A	–	–	1,119	0.6	1,536	0.6
Huainan Academy No. 1 (淮南學府壹號)	Sales Agency B	–	–	917	0.6	451	0.6
Huainan Academy No. 1 (淮南學府壹號)	Sales Agency C	–	–	–	–	1,775	4.0
Bozhou No. 1 Yard (亳州壹號院)	Sales Agency B	2,508	1.0	2,171	1.0	–	–
Guangde Binhe Mansion (廣德濱河首府)	Sales Agency D	–	–	–	–	356	1.0
Hefei Jade Orient (合肥翡麗東方)	Sales Agency C	–	–	–	–	6,313	2.0
Hefei Elegance (合肥和悅風華)	Sales Agency E	–	–	–	–	1,541	3.0
Hefei Elegance (合肥和悅風華)	Sales Agency F	–	–	–	–	1,917	2.0
Nanjing Foturne Shire (南京如意郡)	Sales Agency C	–	–	–	–	7,304	2.4
Nanjing Joy Garden (南京和悅瀾庭)	Sales Agency G	–	–	–	–	844	3.0
Nanjing Upper Joy Garden (南京尚上悅苑)	Sales Agency C	–	–	–	–	726	2.0
Suzhou Guojian Elegance (宿州國建風華)	Sales Agency H	–	–	–	–	2,025	1.1
Lixin Platinum House (利辛鉑悅府)	Sales Agency I	–	–	–	–	716	0.9
Total		**2,508**		**4,207**		**25,505**	

To the best knowledge of our Group, sales agencies we engaged and as stated below are well-qualified third-party sales agencies in the local markets of Shouxian county and Bozhou city. The relevant project companies entered into services engagements with such third-party sales agencies on an arm's length basis. The table below sets forth the principal business and scale of operation of these sales agencies.

Third-party sales agent	Principal business	Scale of operation
Sales agency A	Real estate sales and marketing services	Registered capital: RMB20.0 million
Sales agency B	Real estate sales and marketing services	Registered capital: RMB1.0 million
Sales agency C	Real estate sales and marketing services	Registered capital: RMB1.0 million
Sales agency D	Real estate sales and marketing services	Registered capital: RMB1.0 million
Sales agency E	Real estate sales and marketing services	Registered capital: RMB0.5 million
Sales agency F	Real estate sales and marketing services	Registered capital: RMB5.0 million
Sales agency G	Real estate sales and marketing services	Registered capital: RMB5.0 million
Sales agency H	Real estate sales and marketing services	Registered capital: RMB2.0 million
Sales agency I	Real estate sales and marketing services	Registered capital: RMB1.0 million

Administrative Expenses

Administrative expenses primarily consist of staff costs, hospitality cost, office expenses, travel, rental, tax and professional fees. Staff costs primarily included staff salaries, social insurance and housing provident expenses, staff welfare, staff activities expenses and staff training expenses. Hospitality costs primarily included hospitality-related dinning and transportation expenses. Tax primarily included land use tax and stamp duty. We record stamp duty upon pre-sale of properties, and our stamp duty increased significantly in 2018 due to an increase in pre-sales of properties. We record land use tax upon acquisition of land. Our land use tax increased in 2018 mainly due to an increase in land acquisitions. Professional fees included project auditing fees, consulting fees, legal fees and litigation costs. The increase of our staff costs included in the administrative expenses during the Track Record Period was in line with the market condition and expansion of our business. The average numbers of employees of our administrative team were 105, 189 and 275 for 2018, 2019 and 2020, respectively, and the average annual salary per head were approximately RMB159,000, RMB254,000 and RMB426,000 for the same periods.

The following table sets forth a breakdown of key components of our administrative expenses for the periods indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Staff costs	16,691	39.2	47,905	46.0	116,925	62.0
Tax	10,480	24.6	15,439	14.8	18,550	9.8
Professional fees	3,625	8.5	18,388	17.7	11,356	6.0
Hospitality cost	4,689	11.0	8,247	7.9	10,780	5.7
Office expenses	1,951	4.6	4,947	4.7	9,443	5.1
Travel	1,351	3.2	3,674	3.5	6,789	3.6
Rent	474	1.1	2,070	2.0	1,680	0.9
Bank charges	1,392	3.3	1,042	1.0	4,160	2.2
Depreciation and amortization	1,158	2.7	1,649	1.6	5,129	2.7
Others(1)	791	1.8	800	0.8	3,850	2.0
Total	42,602	100.0	104,161	100.0	188,662	100.0

Note:

(1) Others primarily include freight and miscellaneous charges and other administrative expenses.

Our professional fees for 2019 consists of listing expenses in the amount of RMB12.7 million, auditor fee in the amount of approximately RMB113,000 and other professional fees in the amount of RMB5.6 million. Our professional fees for 2020 consists of listing expenses in the amount of RMB5.2 million, auditor fee in the amount of approximately RMB0.2 million and other professional fees in the amount of RMB6.0 million. The table below sets forth a breakdown of our professional fees during the Track Record Period.

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Listing expenses	2,822	12,714	5,194
Auditor fee[(1)]	77	113	158
Others	726	5,561	6,004
Total	3,625	18,388	11,356

Note:

(1) Such auditor fees were for audits performed for our PRC subsidiaries, and do not contribute to our listing expenses.

Throughout the Track Record Period, our administrative expenses continued to increase as the number of our projects under development and planned for future development increased, which was in line with our business expansion, resulting in increases in our staff costs, office expenses and other miscellaneous expenses.

Other Expenses

Our other expenses primarily consist of accrued liabilities, compensation to customers, penalties, donation, exchange loss and others. Other expenses for 2018, 2019 and 2020 were RMB5.3 million, RMB9.2 million and RMB16.5 million, respectively.

The following table sets forth the components of other expenses for the periods indicated:

	For the year ended December 31,					
	2018		2019		2020	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Accrued liabilities	–	–	7,400	80.2	14,876	89.9
Penalties	1,966	37.2	342	3.7	–	–
Donation	64	1.2	985	10.7	1,282	7.7
Compensation to customers	3,237	61.3	–	–	–	–
Others	12	0.3	497	5.4	391	2.4
Total	5,279	100.0	9,224	100.0	16,549	100.0

Accrued liabilities include provision in relation to delayed deliveries of properties and potential imposition of fines due to lack of registration of our leases. In 2019, we had accrued liabilities of RMB7.4 million, consisting of (i) provision in relation to delayed delivery of properties of RMB7.2 million and (ii) provision in relation to failure to register lease agreements of RMB160,000. We recorded accrued liabilities of RMB14.9 million in 2020 for provision in relation to delayed delivery of properties. Our provision in relation to delayed delivery of properties increased from nil in 2018 to RMB7.2 million in 2019 as the days of delay increased and a number of litigations concerning delayed delivery of properties only emerged in 2019. See "Business—Legal Proceedings and Material Claims," "Business—Qualifications" and "Business—Properties for Self-use" in this prospectus for further details.

We incurred penalty expenses during the Track Record Period, which primarily were administrative penalties or fines for certain non-compliance incidents during our property development process. See "Business—Non-compliance Incidents" in this prospectus.

Compensation primarily represents the compensation amounts paid to certain of our customers for certain minor property quality issues. In 2018, we incurred compensation of RMB3.2 million, which is the one-off compensation for the leakage of water at the top floors of certain properties of Chuzhou Jiarui and Chuzhou Sanxun. We hardly incurred any compensation paid to our customers in 2019 and 2020.

Finance Costs

The table below sets forth a breakdown of net finance costs for the periods indicated:

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank and other borrowings	83,258	160,553	205,255
Interest on lease liabilities	–	99	612
Interest on pre-sales deposits	154,159	251,552	397,317
Less: Interest capitalized	(228,771)	(367,891)	(581,097)
Total	8,646	44,313	22,087

Finance costs primarily consist of interest on loans and other borrowings and interest on pre-sales deposits, net of interest capitalized. Interest on pre-sales deposits is recorded pursuant to IFRS 15. IFRS 15 requires property developers to account for the financing component in a contract separately from revenue if the financing effects are significant. Currently, it is expected that the length of time between the payment and delivery of properties will exceed one year. Accordingly, the financing component is considered to be significant. The amount of the financing component is estimated at the contract inception and the payment plan is confirmed by the property purchaser by using a discount rate that would be reflected in a separate financing transaction between the property purchaser and us reflecting the credit characteristics of our Group as well as any collateral or security provided. Finance costs amounted to RMB8.6 million, RMB44.3 million and RMB22.1 million, respectively in 2018, 2019 and 2020. Since the construction period for a project does not necessarily coincide with the interest payment periods of the relevant loan, not all of the interest costs related to a project can be capitalized. Our finance costs fluctuate from period to period depending on the effective interest rates, the borrowing amounts as well as the level of interest costs that are capitalized within the reporting period.

Income Tax Expenses

Income tax expenses represent corporate income tax and LAT payable by our subsidiaries in the PRC. We calculate our effective corporate income tax rate (deducting the tax effect from LAT) by using the quotient of (a) the result of PRC corporate income tax plus deferred income tax, divided by (b) the result of profit before income tax minus LAT. For the years ended December 31, 2018, 2019 and 2020, our effective corporate income tax rate, calculated as our corporate income tax expense (excluding provision for and tax effect on LAT) divided by our consolidated profit before tax for the same period, was 26.0%, 26.1% and 27.7%, respectively.

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
PRC corporate income tax	109,337	265,951	227,603
PRC LAT	26,604	145,641	129,663
Deferred tax	(93,129)	(124,269)	(81,673)
Total tax charge for the year	42,812	287,323	275,593

Our effective income tax rate for 2020 was higher than that for 2018 and 2019, primarily because as compared with 2018 and 2019, we recognized more tax losses related to non-operating subsidiaries in 2020. During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there are no matters in dispute or unresolved with the relevant tax authorities.

Profit for the Year

Due to the nature of property development business, there is typically an extended lead time between the commencement of property development and revenue recognition.

PRC Taxation

Income Tax

Pursuant to the CIT Law, a uniform 25% corporate income tax rate is generally applied to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. Our Company and our subsidiaries are subject to the 25% corporate income tax rate.

We had not distributed any dividends as of December 31, 2020. Moreover, our Group's funds are expected to be retained in mainland China for our operations and we do not expect our PRC subsidiaries to distribute such earnings in the foreseeable future. Therefore no deferred income tax needs to be recognized for withholding tax on dividends payable to non-PRC resident corporate investors.

LAT

Under PRC laws and regulations, our subsidiaries in the PRC that are engaged in the property development business are subject to LAT as determined by the local authorities in the location where each project is located. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated statements of profit or loss and other comprehensive income as income tax expense.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

2020 Compared to 2019

Revenue

Our revenue increased from RMB3,108.7 million in 2019 to RMB3,946.1 million in 2020, primarily due to the increase in GFA delivered of our projects, including Chuzhou Sanyue Lanshan (Langya House) (滁州三悦澜山（琅琊府）), Mingguang Park Villa (明光公園墅), Bozhou Bo's Mansion (亳州亳公館), Bozhou Park Alley (亳州公園里), Lixin No. 1 Yard (利辛壹號院), Lixin Platinum House (利辛鉑悦府), Lixin Wenzhou House (利辛文州府) and Ningyang Platinum House (寧陽鉑悦府), all of which completed/partially completed construction and commenced delivery in the same period.

The table below sets forth the revenue recognized, the total GFA delivered and the recognized ASP by city for the periods indicated:

	For the year ended December 31,							
	2019				2020			
	Revenue		GFA delivered	Recognized ASP	Revenue		GFA delivered	Recognized ASP
	(RMB'000)	*%*	*(sq.m.)*	*(RMB/sq.m.)*	*(RMB'000)*	*%*	*(sq.m.)*	*(RMB/sq.m.)*
Chuzhou(1)	540,653	17	94,490	5,722	840,932	21	120,280	6,991
Mingguang	296,026	10	59,632	4,964	372,786	9	77,656	4,800
Lixin	553,457	18	83,685	6,614	985,338	25	142,754	6,902
Bozhou(2)	1,200,361	39	170,184	7,053	1,331,211	34	165,047	8,066
Fengyang	518,229	17	100,359	5,164	32,874	1	4,060	8,097
Ningyang	–	–	–	–	382,950	10	70,020	5,469
Total	3,108,726	100	508,350	6,115	3,946,091	100	579,817	6,806

Notes:

(1) Excludes Mingguang and Fengyang

(2) Excludes Lixin

Cost of Sales

Our cost of sales increased from RMB2,130.1 million in 2019 to RMB2,881.1 million in 2020, primarily due to increases in land use rights cost as well as construction and labor costs as the total GFA delivered increased from 508,350 sq.m. in 2019 to 579,817 sq.m. in 2020 and the average cost per sq.m. sold increased from RMB4,190.2 in 2019 to RMB4,969.0 in 2020, which is in line with our business expansion and the market conditions in the regions we operated.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased from RMB978.6 million in 2019 to RMB1,065.0 million in 2020. Our gross margin decreased to 27.0% in 2020 from 31.5% in 2019, primarily due to the comparatively low gross profit margins from projects newly delivered/partially delivered in the same period, namely, Chuzhou Sanyue Lanshan (Langya House) (滁州三悦瀾山(琅琊府)), Lixin Platinum House (利辛鉑悅府), Lixin Wenzhou House (利辛文州府) and Bozhou Bo's Mansion (亳州亳公館).

Other Income and Gains

Our other income and gains increased from RMB9.7 million in 2019 to RMB12.4 million in 2020, primarily due to an increase in gain on disposal of an associate of RMB2.4 million. For details of the trust plans, see "Financial Information—Selected Balance Sheet Items—Prepayments, Other Receivables and Other Assets—Loan and receivable."

Selling and Marketing Expenses

Our selling and marketing expenses increased by 39.2% from RMB143.8 million in 2019 to RMB200.2 million in 2020, primarily attributable to an increase in our advertising, marketing and business development expenses as well as staff costs, and sales commission due to increased promotion and marketing activities for our projects.

Administrative Expenses

Our administrative expenses increased from RMB104.2 million in 2019 to RMB188.7 million in 2020, primarily because the number of our projects under development and planned for future development increased which was in line with our business expansion, resulting in increases in our staff costs, office expenses and other miscellaneous expenses. Our staff costs increased by 144.1% from RMB47.9 million in 2019 to RMB116.9 million in 2020, primarily due to (i) the increase in the average number of our administrative staff by 38.1% from 189 in 2019 to 275 in 2020, which was generally in line with the increase of the number of our projects under development and planned for future development; and (ii) the increase in the average annual salary of our administrative staff by 67.7% from RMB254,000 in 2019 to RMB426,000 in 2020, which is primarily attributable to our new hires of well-experienced management whose experience and skill set comported with our business goals. The increase is also attributable to an increase in hospitality cost incurred in connection with our business expansion.

Other Expenses

Our other expenses increased from RMB9.2 million in 2019 to RMB16.5 million in 2020, primarily due to increase in accrued liabilities and donation.

Finance Costs

Our finance costs decreased significantly from RMB44.3 million in 2019 to RMB22.1 million in 2020, primarily because we capitalized finance costs incurred for more projects in 2020, as such projects were under construction during 2020, resulting in a decrease in finance costs for the same year.

Share of Losses of Associate

We recorded share of losses of associate of RMB6.6 million in 2020 in relation to Heze Sanxun Darui Real Estate Co. Ltd. and Hefei Liangjin. Increase in share of losses of Associate in 2020 was primarily attributable to Hefei Liangjin, which became an associate of ours in late 2019. Heze Sanxun Darui Real Estate Co. Ltd. and Hefei Liangjin recorded net losses as their relevant projects were at early stages of development, and accordingly only incurred costs and had not commenced to recognized revenue yet.

Profit before Tax

As a result of the foregoing, we recorded a profit before tax of RMB682.6 million in 2019 and RMB643.3 million in 2020.

Income Tax Expense

Our income tax expense remained comparatively stable at RMB287.3 million in 2019 as compared with RMB275.6 million in 2020.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, we recorded a profit of RMB395.3 million in 2019 and RMB367.7 million in 2020.

(Loss)/Profit Attributable to Non-controlling Interests

Loss attributable to non-controlling interests increased from RMB46.8 million in 2019 to profit attributable to non-controlling interests of RMB0.4 million in 2020, primarily due to the varying non-controlling interests in our project companies in the relevant period.

2019 Compared to 2018

Revenue

Our revenue increased significantly from RMB723.9 million in 2018 to RMB3,108.7 million in 2019, primarily due to the increase in GFA delivered of our projects, including Chuzhou Joy Shire (British Mansion) (滁州和悅郡(英倫華第)), Fengyang No. 1 Yard (鳳陽壹號院), Lixin British Mansion (利辛英倫華第), Mingguang No. 1 Yard (明光壹號院), Bozhou Park Villa (亳州公園墅), Lixin No. 1 Yard (利辛壹號院) and Bozhou No. 1 Yard (亳州壹號院).

The table below sets forth the revenue recognized, the total GFA delivered and the recognized ASP by city for the periods indicated:

	For the year ended December 31,							
	2018				2019			
	Revenue	%	GFA	Recognized ASP	Revenue	%	GFA	Recognized ASP
	(RMB'000)	%	(sq.m.)	(RMB/sq.m.)	(RMB'000)	%	(sq.m.)	(RMB/sq.m.)
Chuzhou(1)	189,010	26.1	43,815	4,314	540,653	17.4%	94,490	5,722
Mingguang	252,518	34.9	59,215	4,264	296,026	9.5%	59,632	4,964
Lixin	179,123	24.7	27,796	6,444	553,457	17.8%	83,685	6,614
Bozhou(2)	103,263	14.3	16,783	6,153	1,200,361	38.6%	170,184	7,053
Fengyang	–	–	–	–	518,229	16.7%	100,359	5,164
Total	723,914	100.0	147,609	4,904	3,108,726	100.0%	508,350	6,115

Notes:

(1) Excludes Mingguang and Fengyang

(2) Excludes Lixin

Cost of Sales

Our cost of sales increased significantly from RMB517.1 million in 2018 to RMB2,130.1 million in 2019, primarily due to increases in land use rights cost as well as construction and labor costs as the total GFA delivered increased from 147,609 sq.m. in 2018 to 508,350 sq.m. in 2019 and the average cost per sq.m. sold increased from RMB4,904 in 2018 to RMB6,115 in 2019, which is in line with our business expansion and the market conditions in the regions we operated.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased significantly from RMB206.8 million in 2018 to RMB978.6 million in 2019. Our gross margin increased to 31.5% in 2019 from 28.6% in 2018, primarily due to contributions from the completion and delivery of Chuzhou Joy Shire (British Mansion) (滁州和悅郡(英倫華第)) and Lixin British Mansion (利辛英倫華第) in 2019 which recorded comparatively higher gross profit margins. Chuzhou Joy Shire (British Mansion) (滁州和悅郡(英倫華第)) had higher gross profit margin in 2019 as the average land acquisition costs per sq.m. sold of this project was comparatively low due to local market conditions. Lixin British Mansion (利辛英倫華第) has comparatively high gross profit margin in 2019 as properties delivered under this project had comparatively high ASP, which was the result of the prevailing price, alongside with an upward trend in price, in the local market.

Other Income and Gains

Our other income and gains increased significantly from RMB6.8 million in 2018 to RMB9.7 million in 2019, primarily due to increases in interest income on bank deposits partially offset by a decrease in our investment income from wealth management products.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 107.5% from RMB69.3 million in 2018 to RMB143.8 million in 2019, primarily attributable to increased marketing activities due to an increase in our properties commenced and presold. Increase in sales commissions from RMB2.1 million in 2018 to RMB25.3 million in 2019 was primarily attributable to our business strategy in 2019 to rely more on our sales staff and third-party sales agencies, rather than through other sales and marketing approaches, in 2019 as sales staff and third-party sales agencies typically could efficiently reach out to more potential customers. While carrying out this business strategy, we carefully controlled our total selling and marketing expenses, and achieved an increase in net profit margin from 6.2% in 2018 to 12.7% in 2019.

Administrative Expenses

Our administrative expenses increased significantly from RMB42.6 million in 2018 to RMB104.2 million in 2019, primarily because the number of our projects under development and planned for future development increased which was in line with our business expansion, resulting in increases in our staff costs, office expenses and other miscellaneous expenses. Our staff costs increased by 186.8% from RMB16.7 million in 2018 to RMB47.9 million in 2019, primarily due to (i) the increase in the number of our administrative staff by 80.0% from 105 in 2018 to 189 in 2019, which was generally in line with the increase of the number of our projects under development and planned for future development, and (ii) the increase in the average annual salary of our administrative staff by 75.2% from RMB159,000 in 2018 to RMB254,000 in 2019, which is primarily attributable to our new hires of well-experienced senior management whose experience and skill set comported with our business goals. The increase is also attributable to an increase in professional fees incurred in connection with the Listing.

Other Expenses

Our other expenses increased significantly from RMB5.3 million in 2018 to RMB9.2 million in 2019, primarily due to an increase in our accrued liabilities, including provision in relation to delayed delivery of properties of RMB7.2 million and provision in relation to failure to register lease agreements of RMB160,000.

Finance Costs

Our finance costs increased significantly from RMB8.6 million in 2018 to RMB44.3 million in 2019, primarily due to an increase in interest on pre-sale deposits and interest on bank and other borrowings as a result of an increase in the amount of our total pre-sale deposits and bank and other borrowings as we expanded our business operations, partially offset by an increase in interest capitalized. See "—Indebtedness" in this section. Specifically, we had more projects which incurred finance costs in 2019 as compared with 2018. Further, we did not capitalize the finance costs incurred by these projects during the time when they were not under construction in 2019 (which was either when construction had not commenced or when construction had been completed), resulting in an increase in finance cost in 2019.

Share of Losses of Associate

We did not record share of losses of associate in 2018. We recorded share of losses of associate of RMB4.1 million in 2019 in relation to Heze Sanxun Darui Real Estate Co. Ltd. in which we held a 40% equity interest. Heze Sanxun Darui Real Estate Co. Ltd. recorded a net loss as it only incurred costs and had not received any sales proceeds at the early stage.

Profit before Tax

As a result of the foregoing, we recorded a profit before tax of RMB87.8 million in 2018 and RMB682.6 million in 2019.

Income Tax Expense

Our income tax expense increased significantly from RMB42.8 million in 2018 to RMB287.3 million in 2019, primarily due to an increase in our taxable income as we expanded our business.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, we recorded a profit of RMB45.0 million in 2018 and RMB395.3 million in 2019.

Loss Attributable to Non-controlling Interests

Loss attributable to non-controlling interests increased from RMB12.6 million in 2018 to RMB46.8 million in 2019, primarily due to the varying non-controlling interests in our project companies in the relevant period.

SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	23,002	37,479	28,499
Investments in associates	–	53,816	25,562
Right-of-use assets	–	5,986	51,549
Deferred tax assets	166,708	291,208	380,531
Total non-current assets	189,710	388,489	486,141
CURRENT ASSETS			
Properties under development	4,739,851	9,536,877	11,656,637
Completed properties held for sale	213,225	204,263	540,891
Due from related parties	174,714	51,429	40,392
Due from a shareholder	4,055	–	–
Prepayments, other receivables and other assets	1,468,259	1,412,642	1,723,663
Financial assets at fair value through profit or loss	2,102	22,631	–
Tax recoverable	83,148	130,306	209,805
Restricted cash	646,805	1,129,495	1,477,174
Pledged deposits	102,558	179,669	307,232
Cash and cash equivalents	81,649	285,515	457,430
Contract cost assets	30,496	35,115	64,114
Total current assets	7,546,862	12,987,942	16,477,338
CURRENT LIABILITIES			
Trade and bills payables	652,841	1,201,600	1,429,801
Other payables and accruals	660,884	1,718,590	1,902,844
Contract liabilities	5,106,005	7,483,042	9,458,949
Due to related parties	4,443	–	3,709
Interest-bearing bank loans and other borrowings	709,659	870,743	1,065,298
Lease liabilities	–	3,670	12,823
Tax payable	97,752	289,837	468,530
Total current liabilities	7,231,584	11,567,482	14,341,954
NET CURRENT ASSETS	**315,278**	**1,420,460**	**2,135,384**
TOTAL ASSETS LESS CURRENT LIABILITIES	**504,988**	**1,808,949**	**2,621,525**

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	–	886,317	1,031,154
Lease liabilities	–	2,429	39,025
Loan from a related party	–	39,256	–
Deferred tax liabilities	–	240	8,791
Total non-current liabilities	–	928,242	1,078,970
NET ASSETS	**504,988**	**880,707**	**1,542,555**
EQUITY			
Equity attributable to owners of the parent			
Share capital	–	–	–
Reserves	342,659	580,506	947,759
	342,659	**580,506**	**947,759**
Non-controlling interests	**162,329**	**300,201**	**594,796**
TOTAL EQUITY	**504,988**	**880,707**	**1,542,555**

Investments in associates

The directors assesses whether there are any indicators of impairment for investments in associates at the end of each of the relevant periods. As the losses of investments in associates are scheduled loss at the start-up stage, the directors concludes that there are no indicators of impairment of investments in associate.

Properties under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land use rights costs, construction and labor costs, capitalized interests and other costs directly attributable to such properties incurred during the development period and net realizable value. Upon completion, the properties are transferred to completed properties held for sale. Our properties under development increased from RMB4,739.9 million as of December 31, 2018 to RMB9,536.9 million as of December 31, 2019 and further to RMB11,656.6 million as of December 31, 2020, primarily due to commencement of new projects and continued development of existing projects, partially offset by the increase of properties transferred to completed properties held for sale, which is in line with the expansion of our business.

The table below sets forth the reconciliation of the beginning and ending balances of properties under development during the Track Record Period:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	2,361,727	4,739,851	9,536,877
Additions	3,048,915	6,918,173	5,202,338
Acquisition of a subsidiary	–	–	135,180
Transferred to completed properties held for sale	(670,791)	(2,121,147)	(3,217,758)
At the end of the year	4,739,851	9,536,877	11,656,637

As of April 30, 2021, approximately RMB1,121.3 million. or 9.6%, of properties under development as of December 31, 2020 was transferred to completed properties held for sale.

Completed Properties Held for Sale

Completed properties held for sale represent completed properties remaining unsold at the end of each financial period and are stated at the lower of cost and net realizable value. Cost of completed properties held for sale is determined by an apportionment of related costs incurred attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realized, less estimated costs to be incurred in selling the properties. As of December 31, 2018, 2019 and 2020, we had completed properties held for sale of RMB213.2 million, RMB204.3 million and RMB540.9 million, respectively. We have obtained the construction completion certificates in respect of all completed properties held for sale.

The table below sets forth the reconciliation of the beginning and ending balances of the completed properties held for sale during the Track Record Period:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	59,510	213,225	204,263
Transferred from properties under development	670,791	2,121,147	3,217,758
Transferred to cost of sales	(517,076)	(2,130,109)	(2,881,130)
Carrying amount at the end of the year	213,225	204,263	540,891

As of April 30, 2021, approximately RMB304.7 million, or 56.3%, of completed properties held for sale as of December 31, 2020 was sold and delivered.

Our Directors believe that a majority of our projects under development that had commenced construction and projects which had completed construction had been "sold" from a contracted sales perspective resulting from our pre-sale activities. As of April 30, 2021, we recorded net book value of the properties held for sale and properties under development in an aggregate amount of approximately RMB13,300.8 million. Further, to corroborate our estimates of the realizable value of the aforementioned properties, we have also referred to the Property Valuation Report, according to which the market value in existing state of our properties amounted to approximately RMB16,264.4 million as of April 30, 2021, which is higher than the abovementioned net book value. Based on our estimates of the realizable value of such properties and pursuant to our accounting policies, we have performed the impairment test by comparing the net realizable value and cost, which resulted in the estimated average surplus of approximately 23.0%. As such, we believe that there is no need to make provision for any impairment on properties under development and completed properties held for sale, and that the balances as of December 31, 2020 of these properties are properly stated.

Prepayments, Other Receivables and Other Assets

We set out below the breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for acquisition of land use rights	406,760	183,000	150,800
Prepayments for construction cost	19,511	26,533	8,781
Deposits for land use rights	307,492	40,000	–
Other deposits	36,709	83,170	105,561
Other tax recoverable	574,753	986,978	1,078,890
Due from non-controlling shareholders of the subsidiaries	–	73,768	355,089
Due from third parties	59,690	–	–
Interest receivable	258	–	–
Loan and receivable	45,100	–	–
Other receivables	15,773	7,967	6,566
Other prepayments	2,213	11,226	17,976
Total	1,468,259	1,412,642	1,723,663

The table below sets forth the breakdown of our other receivables:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Advances to staff for identifying potential projects	9,700	–	–
Miscellaneous[(1)]	6,073	7,967	6,566
	15,773	7,967	6,566

Note:

(1) The remaining balances primarily included various receivables such as prepayments for various consultancy services and purchases of materials, miscellaneous reimbursements and sundries receivables.

Prepayments for acquisition of land use rights

The prepayments for acquisition of land use rights decreased to RMB183.0 million as of December 31, 2019 from RMB406.8 million as of December 31, 2018 primarily as we took a prudent approach in land acquisition and acquired less land in 2019. The prepayments for acquisition of land use rights further decreased to RMB150.8 million as of December 31, 2020 as our Company acquired fewer land parcels in 2020. As at April 30, 2021, the amount of prepayment for acquisition of land use rights as of December 31, 2018, 2019 and 2020 subsequently transferred to our properties under development were RMB406.8 million, RMB183.0 million and RMB74.0 million, respectively.

The table below sets forth the balances of prepayments for acquisition of land use rights by age groups as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Within three months	200,000	–	38,853
More than three months and less than six months	–	90,200	1,847
More than six months and less than one year	206,760	92,800	110,100
Total prepayments for acquisition of land use rights	406,760	183,000	150,800

Prepayments for construction cost

Our prepayments for construction costs increased from RMB19.5 million as of December 31, 2018 to RMB26.5 million as of December 31, 2019, primarily due to the increase in number of our projects under construction. Our prepayment for construction cost decreased to RMB8.8 million as of December 31, 2020 primarily because a large portion of prepayment for construction cost was transferred to properties under development and subsequently to cost of sales along with the recognition of revenue.

Deposits for land use rights

We pay deposits for land use rights prior to the signing of the land grant contracts to the local government authorities subject to relevant local regulations and policies, which will be returned to us if we do not win the bid, or used to offset the purchase money if we win the bid. We recorded deposits for land use rights of RMB307.5 million and RMB40.0 million as of December 31, 2018 and 2019, respectively, for land acquisition of our projects, Nanjing Fortune Shire (南京如意郡), Hefei Elegance (合肥風華和悦), Huainan Elegance (淮南風華和悦) and Lixin Platinum House (利辛鉑悦府) in 2018, and our redevelopment project in Xuzhou in 2019, which was fully refunded in March 2020. The fluctuation was mainly due to the timing of our land acquisition activities and the different payment schedules for the land use rights of different land parcels. As of April 30, 2021, the amount of deposits for land use rights as of December 31, 2018, 2019 and 2020 subsequently transferred to our properties under development were RMB210.5 million, nil and nil, respectively.

The table below sets forth the balances of deposits for land use rights by age groups as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Within three months	257,492	–	–
More than three months and less than six months	50,000	–	–
More than six months and less than one year	–	–	–
More than one year and less than two years	–	40,000	–
Total deposits for land use rights	307,492	40,000[(1)]	–

Note:

(1) Such deposit was fully refunded by March 2020.

Other Deposits

Our other deposits, which primarily include deposit for housing provident fund and quality guarantee deposit we pay to local authorities, increased from RMB36.7 million as of December 31, 2018 to RMB83.2 million and RMB105.6 million as of December 31, 2019 and 2020, respectively, which was mainly due to the increase in the number of projects under construction in the same years.

Other tax recoverable

Our other tax recoverable, which primarily relates to prepaid value-added tax and other surcharges, was RMB574.8 million, RMB987.0 million and RMB1,078.9 million as of December 31, 2018, 2019 and 2020, respectively. The continued increase in other tax recoverable was in line with the increase in our proceeds from sales of properties. As of April 30, 2021, approximately RMB34.3 million, or 3.2%, of our other tax recoverable existed as of December 31, 2020 had been settled, which was generally in line with revenue recognized during the four months ended April 30, 2021. We will settle our other tax recoverable continuously in accordance with our projects' delivery schedules, and it is expected that our other tax recoverable existed as of December 31, 2020 will be fully settled towards the end of March 2024.

Amounts due from non-controlling shareholder of the subsidiaries

Our amounts due from non-controlling shareholder of the subsidiaries were mainly cash advances by our non-wholly owned subsidiaries to their non-controlling shareholders from time to time before the final settlement and distribution of our property development projects, which were non-trade in nature, interest-free, unsecured and had no pre-determined repayment date. Advances to non-controlling shareholders were from the relevant project companies' general corporate accounts, which included certain pre-sale proceeds withdrawn from the general escrow funds and did not include any key escrow funds. The applicable PRC laws and regulations require property developers to apply key escrow funds to the construction of the relevant property development projects and other permitted purposes, and generally do not specify or restrict the use of general escrow funds, as long as the relevant project company maintains sufficient balance for project development. During the Track Record Period, the relevant project companies used funds in the general corporate accounts for the development of relevant property projects and other purposes, including advances to non-controlling shareholders of subsidiaries. Based on confirmations issued by the competent local authorities, our PRC Legal Advisors are of the view that our project companies' use of general escrow funds complied with applicable PRC laws and regulations on pre-sale proceeds in all material aspects during the Track Record Period. Our amounts due from non-controlling shareholder of the subsidiaries were nil, RMB73.8 million and RMB355.1 million as of December 31, 2018, 2019 and 2020, respectively. Increase in the amounts due from non-controlling shareholder of the subsidiaries in 2019 as compared with 2018 was generally in line with development of the relevant projects, namely, Lixin No. 1 Yard (利辛壹號院) and Fuyang Mandarin Upper Shire (阜陽文華上郡), all of which were in construction as of December 31, 2019, and expected to complete construction in 2020 or 2021. Amounts due from non-controlling shareholder of the subsidiaries increased from

RMB73.8 million as of December 31, 2019 to RMB355.1 million as of December 31, 2020, which was primarily attributable to the increase in amounts due from non-controlling shareholder in relation to development of Lixin Wenzhou House (利辛文州府), Huainan Academy No. 1 (淮南學府壹號) and Taihu Jinzhou House (太湖晉州府) of approximately RMB101.7 million, RMB64.5 million and RMB63.4 million, respectively, as these projects were under construction in 2020 and expect to complete construction in 2021 and 2022. Subsequent to December 31, 2020 and as of April 30, 2021, we settled RMB95.6 million of our amounts due from non-controlling shareholder of the subsidiaries existed as of December 31, 2020.

Such non-controlling shareholders of the subsidiaries are Independent Third Parties to us and has no past or present relationship with us and our Shareholders, Directors, senior management, or any of their respective associates other than such relationship as disclosed above.

The following table sets forth the background of each of the counter-parties for our amounts due from non-controlling shareholders of subsidiaries:

Item	Company	Principal Business	Registered capital	Ultimate Beneficial Owner
1.	Bozhou Jiantou Real Estate Development Co., Ltd. (亳州建投房地產開發有限公司)	Real estate development, and urban infrastructure and public welfare facilities development	RMB337.0 million	Indirectly owned by certain PRC governmental entities
2.	Shanghai Zaihao Enterprise Management Co., Ltd. (上海載灝企業管理有限公司)	Enterprise management consulting and marketing	RMB2.0 million	Indirectly owned by certain individuals
3.	Anhui Hongzuan Trade Co., Ltd. (安徽紅鑽貿易有限公司)	Construction materials and enterprise marketing	RMB5.0 million	Indirectly owned by certain individuals
4.	Xuzhou Wansheng Real Estate Co., Ltd. (徐州萬盛置業有限公司)	Real estate development, property management, decoration and engineering construction	RMB20.0 million	Indirectly owned by certain individuals
5.	Shanghai Hegang Real Estate Development Co., Ltd. (上海和罡房地產開發有限公司)	Real estate development and operation	RMB2.0 million	Indirectly owned by certain individuals and a company listed on the Stock Exchange

Item	Company	Principal Business	Registered capital	Ultimate Beneficial Owner
6.	Fuyang Shenghao Business Management Consulting Co., Ltd. (阜陽晟灝企業管理諮詢有限公司)	Business management information consulting, real estate information consulting and marketing	RMB1.0 million	Indirectly owned by certain individuals
7.	Anhui Jingguan Real Estate Development Co., Ltd. (安徽京冠房地產開發有限公司)	Real estate development and sales, steel pipe fastener scaffolding rental	RMB200.0 million	Directly owned by certain individuals
8.	Hefei Canadian Overseas Real Estate Co., Ltd. (合肥加僑置業有限公司)	Real Estate Development and Sales	RMB100.0 million	Indirectly owned by certain individuals
9.	Anhui Bangtai Real Estate Co., Ltd. (安徽邦泰置業有限公司)	Real estate development, housing sales, property services, decoration and renovation	RMB100.0 million	Indirectly owned by certain individuals
10.	Beijing North Guojian Real Estate Co., Ltd. (北京北方國建置業有限公司)	Real estate development, property management, business management, sales of self-developed commercial properties, rental of commercial premises, among others	RMB100.0 million	Indirectly owned by certain individuals
11.	Huaining County Xing'an Real Estate Development Co., Ltd. (懷寧縣興安房地產開發有限公司)	Real estate development and operation	RMB20.0 million	Indirectly owned by certain individuals
12.	Bozhou Chengchuang Construction Service Co., Ltd. (亳州市誠創建築勞務有限責任公司)	Construction labor subcontracting	RMB5.0 million	Directly owned by certain individuals

Our Directors believe that the amounts due from non-controlling shareholders of subsidiaries are recoverable, considering that (1) cash advances made by subsidiaries to their non-controlling shareholders are typically calculated as the result of the relevant subsidiaries' cash flow surplus, net of any reserves for estimated development costs, multiplied by the percentage of equity interests held by such non-controlling shareholder; (2) according to the Group's internal guidelines, project companies may only make such advances to non-controlling shareholders when no less than 80.0% of properties of the relevant project had been pre-sold; (3) such advances are repayable on demand, and if not called upon for repayment earlier, will eventually be deducted from the dividends or other distributions the project company will make towards the end of the development cycle when revenue and profits are recognized by the project company; and (4) we have conducted background check of such non-controlling shareholders prior to the business cooperation in project development and before making such advances. Based on the foregoing, our Directors considered, and the Sole Sponsor concurs, there is no recoverability issue on such balances, and therefore no impairment is considered necessary.

Amounts due from third parties

Our amounts due from third parties were RMB59.7 million, nil and nil as of December 31, 2018, 2019 and 2020, respectively. Such fluctuations were primarily due to the borrowings and repayments made by the third parties. Our amounts due from third parties were non-trade, interest-free and unsecured borrowings made to counterparties engaged in education and real property development for their personal and business purposes and repayable on demand. We settled all such outstanding amounts due from third parties in November 2019. Advances to third parties were from the relevant project companies' general corporate accounts, which included certain pre-sale proceeds withdrawn from the general escrow funds and did not include any key escrow funds. The applicable PRC laws and regulations require property developers to apply key escrow funds to the construction of the relevant property development projects and other permitted purposes, and generally do not specify or restrict the use of general escrow funds, as long as the relevant project company maintains sufficient balance for project development. During the Track Record Period, the relevant project companies used funds in the general corporate accounts for the development of relevant property projects and other purposes, including as advances to third parties. Based on confirmations issued by the competent local authorities, our PRC Legal Advisors are of the view that our project companies' use of general escrow funds complied with applicable PRC laws and regulations on pre-sale proceeds in all material aspects during the Track Record Period.

Saved for Mr. Zhou Bin, who is an employee of our Group and Mr. Lu Zhen, who was a nominee shareholder of Chuzhou Sanxun and Anhui Sanxun Investment, the counter-parties for our amounts due from third parties during the Track Record Period were Independent Third Parties to us. See "History, Reorganization and Corporate Structure—History and Development—Our Corporate Development" of this prospectus. Other than the borrowing and employment relationship disclosed above, there is no past or present relationship between such third parties and us and our Shareholders, Directors, senior management, or any of their respective associates.

The following table sets forth the background of an institutional counter-party for our amounts due from third parties. The remaining counter-parties for our amounts due from third parties were all Independent-Third-Party individuals, except Mr. Lu Zhen, who is a nominee shareholder of Anhui Qiaoyi Garden Construction Co., Ltd.. The number of third parties who had outstanding balances of amounts due to us as of December 31, 2018, 2019 and 2020 were eight, nil and nil, respectively.

Item	Company	Scale of Operation	Registered capital	Ultimate Beneficial Owner
1.	A secondary school in Bozhou	Secondary school education	RMB43.6 million	Directly owned by a PRC governmental entity

Our advances to third parties generally fall into the following two categories:

(1) as working capital advanced to Mr. Lu Zhen (路震), a then management team member of a subsidiary of ours, who would then utilize such advances for procurement and daily operational activities on behalf of the relevant subsidiary. Nonetheless, due to changes of circumstances, expenditures for the afore-mentioned purposes had not been incurred as budgeted, and such advances had been fully settled as of December 31, 2019. We do not intend to incur advances of the kind in the future; and

(2) as interest-free personal loans to certain individuals with whom Mr. Qian had personal connections. Such individuals generally used the advances in investing activities, and had repaid in full using their own investment proceeds as of December 31, 2019.

All such advances were fully settled as of December 31, 2020.

As advised by our PRC Legal Adviser, our borrowings to Independent Third Parties who are enterprises that are interest-free are valid private loans and comply with all applicable PRC laws and administrative regulations. Further, according to the Lending General Provisions (《貸款通則》) promulgated by the PBOC, a loan means a currency fund provided by a lender to a borrower and both the principal amount and interests shall be paid back, according to the interest rate and duration agreed. Enterprises are prohibited from engaging in borrowing and lending or borrowing and lending in a disguised manner in violation of laws and regulations. If enterprises engage in borrowing and lending or borrowing and lending in a disguised manner without authorization, the PBOC may impose a fine on the lending party in an amount equal to one to five times of the illegal proceeds generated from the lending activity, and concurrently, invalidate such lending activity. All of our borrowings to such third parties were non-interest-bearing during the Track Record Period, and therefore the capital lent out did not constitute currency funds bearing interest. 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》), for private lending contracts concluded between legal persons or other social organizations and between legal persons and other social organizations for the need of production and operation, except for the existence of the circumstances stipulated in Article 52 of the Contract Law and Article 14 of the Provisions, where the parties concerned claim that the private lending contract is effective, the people's court shall uphold such claim. In addition, pursuant to the Supreme People's Court's Reply to Reporters' Questions in relation to the Provisions (《最高人民法院負責人就〈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〉答記者問》), the General Lending Provisions are department rules rather than compulsory laws or administrative regulations. The Property Rights Law of the PRC (the "**Property Rights Law**") (《中華人民共和國物權法》)and the Contract Law pre-empt the General Lending Provisions. A contract can only be invalidated by laws or regulations in accordance with the Contract Law. The Property Rights Law with effect on October 1, 2007 states that property right holders have the right to freely dispose of their properties (including monetary funds) in accordance with the law. As such, our PRC Legal Advisor is of the view that our borrowings to Independent Third Parties who are enterprises during the Track Record Period were valid private loans and in compliance with all applicable laws and regulations.

Loan and receivable

In 2018, we entered into interest-bearing trust plans with reputable trust and asset management companies for our cash management purposes, which has been redeemed before September 30, 2019. As of December 31, 2018, 2019 and 2020, our loan and receivables amounted to RMB45.1 million, nil and nil, respectively.

Other receivables

Our other receivables were RMB15.8 million, RMB8.0 million and RMB6.6 million as of December 31, 2018, 2019 and 2020, respectively, primarily comprised non-trade interest free advances to our employees. As such, fluctuations in our other receivables during the Track Record Period were mainly attributable to fluctuations in the non-trade interest-free advances made to our employees.

Such advances were made to certain of our employees who were independent third parties designated by us to find anchor projects, primarily projects obtained by third-party property developers who wished to invite other developer to jointly develop (the "**Anchoring Attempts,**" each an "**Anchoring Attempt**"). Advances to our employees were from the relevant project companies' general corporate accounts, which included certain pre-sale proceeds withdrawn from the general escrow funds and did not include any key escrow funds. The applicable PRC laws and regulations require property developers to apply key escrow funds to the construction of the relevant property development projects and other permitted purposes, and generally do not specify or restrict the use of general escrow funds, as long as the relevant project company maintains sufficient balance for project development. During the Track Record Period, the relevant project companies used funds in the general corporate accounts for the development of relevant property projects and other purposes, including advances made to our employees. Based on confirmations issued by the competent local authorities, our PRC Legal Advisors are of the view that our project companies' use of general escrow funds complied with applicable PRC laws and regulations on pre-sale proceeds in all material aspects during the Track Record Period. We front loaded our internal approval procedures and allocated such advances to our employees so that they could pay the deposit required by the third-party property developers and react to market opportunities in a timely manner. Meanwhile, we also leveraged this practice to keep our identity confidential at the initial stages of cooperation or negotiation, thus avoiding the situation where our competitors may be aware of our development plan and use such information against us. Employees acting on our behalf would only disclose certain background information of our Group including but not limited to the scale of our Group, our experience in the real estate industry, as well as our positioning and our geographic focuses, without disclosing our name to the third-party property developers at the initial stage. As such, our Group's identity would not be revealed until the consummation of the transaction became relatively certain. By prepaying the advances to employees, our employees will be able to pay deposit and secure the project opportunity in a timely manner, without having to spend additional time to go through the payment authorization process at the critical and time sensitive stage of negotiation, which may subject us to further uncertainties. According to JLL, the practice exists in the market that development-stage companies may commission third-party agencies to act on their behalves in a similar way for similar purposes. With respect to third-party agencies, our Company would necessarily need to spend time conducting background check and negotiating relevant documents before engaging them and would still be subject to any credit risk third-party agencies could pose regardless. As such, we elected to have our employees, rather than third-party agencies, act on our behalves mainly to mitigate the risks that could be involved when engaging any third-party agencies. Given that all such employees repaid the advances in full and in time, our Directors confirm that to the best of their knowledge, none of our employees was involved in any incident of misappropriation of such advances. Such employees were required to repay the advances should they fail to obtain the projects. Our PRC Legal Advisors are not aware of any laws and regulations that are applicable to such practice, and accordingly are of the view that such practice did not violate any PRC laws or regulations. Such advances to our employees generally had been repaid within two months since the borrowing date in the event that the projects which such employees identified could not be materialized. We settled all the outstanding amounts due from our employees for such purpose in October 2019. To reduce our risk exposure and standardize our project acquisition procedures, we have stopped this practice since October 2019 and do not plan to engage in such practice going forward. Subsequent to our cessation of the aforementioned practice, we generally relied on the potential business partners' duty of confidentiality to keep confidential the information we proffered in relation to the potential cooperation.

Balances of advances to employees decreased to nil as of December 31, 2019 from RMB9.7 million as of December 31, 2018 because we ceased this practice in October 2019. During the Track Record Period, we had six employees involved in this practice holding positions including general manager, or deputy general manager, of our subsidiaries, assistant to the chairman of the board of directors of a subsidiary, and head of finance or investment department of our subsidiaries. During the Track Record Period, the aggregate advances made to our employees in this regard was RMB200.9 million. During the Track Record Period, our relevant employees targeted potential projects in Lixin, Suzhou, Chuzhou Shou County, Fuyang and Yancheng, and we did not obtain any projects through this practice. Our Group exited from such business opportunities to obtain new projects in cooperation with third-party property developers due to certain features intrinsic to the relevant projects that evolved at a later stage of negotiation, primarily including, among others, (i) comparatively low estimated gross profit margins of certain relevant projects; (ii) lack of control over the property development process or marketing activities of certain relevant projects; and (iii) under certain scenarios, the parties failed to agree on the approach to external financing arrangements for the purposes of land acquisitions. These are common reasons where we did not proceed with any acquisition of projects. The remaining balances primarily included various receivables such as prepayments for various consultancy services and purchases of materials, miscellaneous reimbursements and sundries receivables.

The table below sets forth the background of the third-party property developers, amounts of the relevant cooperation deposits and the dates of repayment of deposit to our Group.

	Project 1	Project 2	Project 3	Project 4[(1)]	Project 5	Project 6	Project 7[(1)]
Background of the cooperating property developer	A national property developer in the PRC	A national property developer in the PRC	A local property developer in Anhui Province	A local property developer in Anhui Province	A national property developer in the PRC	Local property developer in Anhui Province	A national property developer in the PRC
Cooperation deposit (項目誠意金) *(RMB million)*	50	20.9	10	33	35	40	12
Date of repayment of deposit to our Group	October 8, 2019	July 2, 2019	July 1, 2019	October 8 to 9, 2019	July 1, 2019	July 1, 2019	May 9, 2018 to January 14, 2019

Review process and internal control measures

Typically, our strategic investment center would conduct an on-site investigation of the land parcel relevant to a potential cooperation opportunity once an opportunity had been identified, and would generate an on-site investigation report therefrom. Such on-site investigation report would then be submitted to our operational review panel (業務內審) for review and investment committee (投委會) for approval. The investment committee has the final say as to (i) whether to enter into such cooperation; and (ii) whether to advance the cooperation deposits to the employee who initially identified the cooperation opportunity. Our investment committee (投委會) consists of Chairman of our Board, the President, the Vice President, the Chief Financial Director, the head of strategy and investment center, the regional manager and regional investment center officer. Operational review panel consists of the head of sales and marketing (營銷負責人), head of design department (設計負責人), head of cost management (成本負責人), head of finance department (財務負責人) and head of investment department (投資負責人). We typically determine the amount of cooperation deposits on a case-by-case basis, and generally maintains a deposit-to-consideration ratio of no more than 30.0%.

Where an employee was going to be engaged to pay the cooperation deposits on behalf of us, the amount, payment and repayment mechanisms are typically set forth in an authorization agreement (《授權決議書》) (the "**Authorization Agreement**") and thereafter an agency agreement (《委託投資責任協議書》) (the "**Agency Agreement**") with such employee which, among others, specifically stipulates that the employee shall use the advances for purposes as stipulated, and shall not misappropriate any such advances, entered into between the relevant employees and us prior to disbursements of the cooperation deposits to the employees. Cooperation opportunities relevant to the Anchoring Attempts had deposit-to-consideration ratios ranging from 5% to 24% during the Track Record Period. Our review and approval procedures for each potential business opportunity, regardless of whether it requires cooperation deposit(s), are generally the same, with the only difference being that cooperation opportunities involved in the Anchoring Attempts required additional approval as to the advances to the relevant employees by our operational review panel and investment committee.

Once the proposed cooperation opportunity was reviewed by our Group's operational review panel and approved by our Group's investment committee, the relevant employee would enter into an Authorization Agreement with our Company which stipulates, among others, the amount involved, as well as the payment and repayment mechanisms. Further, prior to or on the same day of wire transfers of advances to the relevant employees, our Company would enter into an Agency Agreement with such employee which, among others, specifically stipulates that the employee shall use the advances for purposes as stipulated, and shall not misappropriate any such advances.

Given that all such employees repaid the advances in full and in time, our Directors confirm that to the best of their knowledge, none of the employees engaged in the Anchoring Attempts was involved in misappropriation of relevant advances. Based on the foregoing, our PRC Legal Advisors are not aware of any laws and regulations that are applicable to the Anchoring Attempts, and accordingly are of the view that the practice does not violate any PRC laws and regulations.

The Sole Sponsor has (i) held discussions with the management of our Company to understand the reasons for and benefits of and the detailed arrangement of advances provided to employees; (ii) obtained and reviewed the relevant underlying documents and (iii) conducted interviews with the relevant parties to understand the use and repayment of such advances.

Duties performed by, and credentials of, the relevant employees

The relevant employees primarily performed the following duties: (i) identifying potential property development cooperation opportunities following our Group's Potential Projects Referral Guideline (the "**Guideline**"); (ii) facilitating the strategic investment center to carry out the on-site investigation of the relevant land parcel; (iii) once the proposed cooperation opportunity was reviewed and approved, making cooperation deposits in accordance with the Guideline; and (iv) in the event that our Group's investment committee elected to exit from the business opportunity to obtain new projects in cooperation with third-party property developers, repaying the cooperation deposits received in accordance with the Guideline, the relevant Authorization Agreement and Agency Agreement.

We believe that the relevant employees were equipped with necessary skills and knowledge in carrying out the negotiation with potential business partners, as they are (i) familiar with the relevant cities, in particular the real estate markets in such cities; (ii) well-versed on property development process, the transactional structure and consideration for deals of the kind; and (iii) experienced in basic business negotiation tactics. Specifically, employees involved in the Anchoring Attempts all had experience in the real estate industry of five to 15 years and had been working for our Group for three to six years. Negotiation for cooperation where the relevant parties readily acquired the relevant land parcels typically lasted for approximately one month. Where the relevant parties had not obtained the land parcels yet, length of negotiation typically ranged from six to 12 months. Both types of scenarios required tight schedules, given that: (i) where the relevant parties had obtained the land parcels: acquisitions of the relevant land parcels required significant capital investment, and the relevant parties would generally require funding to support property development, so as to recoup investments within the shortest possible period; and (ii) where the parties had not obtained the land parcels yet: typically the potential business partner had readily agreed to or were in negotiation with the relevant local government as to certain land acquisition conditions (such as the use of the land parcel, namely, for residential, commercial or industrial purposes) proposed by the local government, and would be keen to have any potential new joiners to agree to the same set of conditions soon as possible, so that the parties may officially obtain the relevant land parcels, or reach mutual assents with the local government(s), in a timely manner.

Upon receipt of the advances, the relevant employees shall repay the funds in accordance with the Guideline, the Authorization Agreement(s) and the Agency Agreement(s). Further, since we exited from such cooperation opportunities, the relevant employees did not actually make any payment to the third-party property developers.

Amounts Due from A Shareholder

Refer to "—Related Party Transactions" below for more details.

Amounts Due to A Shareholder

Refer to "—Related Party Transactions" below for more details.

Amounts Due from Related Parties

Refer to "—Related Party Transactions" below for more details.

Amounts Due to Related Parties

Refer to "—Related Party Transactions" below for more details.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss were primarily related to the wealth management products we purchased from trust companies and domestic commercial banks during the Track Record Period. See "—Description of Certain Major Components of Our Consolidated Statements of Profit or Loss and Other Comprehensive Income—Other Income and Gains" in this section. As of December 31, 2018, 2019 and 2020, we had financial assets at fair value through profit or loss of RMB2.1 million, RMB22.6 million and nil, respectively.

We classified the wealth management products, of which no quoted prices in an active market exist, as level 3 financial assets in terms of inputs to valuation techniques used to measure fair value. The fair value change of financial assets at FVTPL recognized by us in each period represented the amount of return on such wealth management products that had accrued as of the period end. Valuation techniques are calibrated to ensure that outputs reflect market conditions. We make the maximum use of market inputs and rely as little as possible on our own specific data in the valuation of level 3 financial assets. However, it should be noted that some inputs, such as the estimated return rate and other features of the wealth management products as set out in the investment contracts, expected time of redemption and marketability of the wealth management products, require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions change, it may lead to a change in the fair value of the level 3 financial assets at FVTPL. For more details of fair value measurement, see Note 36 of the Accountant's Report included in Appendix I to this prospectus.

Our financial management center closely monitors the performance of the investment and assesses the fair value of such level 3 financial assets at least once every reporting period for our Directors' review and approval. In relation to the valuation of the level 3 financial assets, our Directors adopted the following procedures: (i) reviewed the terms of the wealth management products; (ii) considered necessary financial and non-financial information so as to perform valuation procedures; (iii) carefully considered all information especially inputs such as the estimated return rate and other features of the wealth management products as set out in the investment contracts, expected time of redemption and marketability of the wealth management products which require management assessments and estimates, and the applicable valuation techniques; and (iv) reviewed the valuation working papers and results prepared by our financial management center. Based on the above procedures, our Directors are of the view that the valuation analysis is fair and reasonable, and the financial statements of our Group are properly prepared.

Details of the fair value measurement of financial assets, particularly the fair value hierarchy, the valuation techniques, key significant unobservable inputs and sensitivity of fair value to the input are disclosed in note 36 to the Financial Information of Our Group for the Track Record Period as set out in the accountants report 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 in Appendix I.

The Reporting Accountants have performed relevant procedure in accordance with Hong Kong Standard on Auditing ("**HKSA**") 540 (Revised) "Auditing Accounting Estimates and Related Disclosures" and Hong Kong Auditing Practice Guidance 1000 "Special Considerations in Auditing Financial Instruments" for the valuation of the wealth management products. The Reporting Accountant's opinion on the historical financial information of our Group for the Track Record Period is set out in Appendix I to this prospectus.

In relation to the valuation analysis for financial assets categorized within level 3 of fair value measurement, the Sole Sponsor has conducted relevant due diligence work, including but not limited to, (i) review of relevant notes in the Accountants' Report as contained in Appendix I and relevant documents of financial assets; and (ii) discussed with our Company, the Reporting Accountants about the key basis and assumptions for the valuation of the financial assets. Having considered the work done by the Directors and the Reporting Accountants' opinion on the historical financial information of our Group for the Track Record Period as set out in Appendix I and the relevant due diligence done as stated above, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to question the valuation analysis performed on the financial assets.

Property, Plant and Equipment

Our property, plant and equipment primarily comprise (1) vehicles, (2) office and electronic equipment and (3) temporary facility improvements. Our property, plant and equipment amounted to RMB23.0 million, RMB37.5 million and RMB28.5 million as of December 31, 2018, 2019 and 2020, respectively. Such continued increase in our property, plant and equipment was in line with our expansion.

Deferred Tax Assets

Our deferred tax assets mainly represent the difference between the prepaid tax calculated with reference to proceeds from pre-sales pursuant to the PRC regulations and the actual tax payable calculated based on our revenue recognized pursuant to the accounting principles. The increase in our deferred tax assets during the Track Record Period was mainly due to steady increases in pre-sales during the Track Record Period.

Trade and Bills Payables

Trade and bills payables mainly include payables to third-party suppliers and contractors. Trade payables are unsecured and interest-free and are normally settled based on the progress of construction. Our trade and bills payables increased from RMB652.8 million as of December 31, 2018 to RMB1,201.6 million as of December 31, 2019, due to the increase in construction and labor costs, as a result of the increase in our property projects. Our trade and bills payables further increased to RMB1,429.8 million as of December 31, 2020 from RMB1,201.6 million as of December 31, 2019, which was generally in line with our business expansion in 2020, in particular the increase in our number of projects under construction as of December 31, 2020.

The table below sets forth the aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Less than 1 year	637,085	1,183,151	1,408,779
Over 1 year	15,756	18,449	21,022
	652,841	1,201,600	1,429,801

As of April 30, 2021, approximately RMB953.8 million, representing 66.7% of total trade and bills payables as of December 31, 2020, were settled.

Other Payables and Accruals

We set out below the breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Retention deposits related to construction	45,221	43,509	57,080
Deposits related to sale of properties	7,768	7,404	16,602
Advances from non-controlling shareholders of subsidiaries	490,705	1,487,736	1,701,914
Advances from third parties	46,595	35,642	–
Maintenance fund	3,366	8,804	3,334
Interest payable	39,847	77,442	43,582
Payroll and welfare payable	18,889	31,724	39,911
Other tax and surcharges	5,609	9,278	24,924
Accrued liabilities	–	7,400	10,988
Listing expenses payable	2,013	7,636	2,571
Others	871	2,015	1,938
Total	660,884	1,718,590	1,902,844

Our other payables and accruals mainly include (i) advances from non-controlling shareholders of subsidiaries which represent cash advances provided by non-controlling shareholders of the relevant subsidiaries from time to time to support their business development; (ii) advances from third parties related to payments made by third parties who attended the land auction and intended to develop the project jointly with us before the relevant joint venture or associate was incorporated; (iii) retention deposits related to construction, which are the quality guarantee deposits made by our constructors; (iv) deposits related to sales of properties, which are the purchase deposits paid by our customers; (v) payroll and welfare payable; (vi) accrued liabilities, which are provisions made for certain incidents as disclosed under "—Description of Certain Major Components of Our Consolidated Statements of Profit or Loss and Other Comprehensive Income—Other Expenses" in this section and (vii) interest payable.

The following table sets forth the background of each of the counter-parties for our advances from non-controlling shareholders of subsidiaries. Increase in the advances from non-controlling shareholders of subsidiaries in 2019 as compared with 2018 was generally in line with development of the relevant projects such as Taihu Jinzhou Mansion (太湖晉州府), Hefei Elegance (合肥和悦風華), Hefei Jade Orient (合肥翡麗東方) and Hefei Cloud Garden (合肥雲著園), all of which were in construction as of December 31, 2019, with a majority commenced construction in 2019 or late 2018. Advances from the non-controlling shareholders of subsidiaries increased to RMB1,701.9 million as of December 31, 2020 from RMB1,487.7 million as of December 31, 2019. Subsequent to December 31, 2020 and as of April 30, 2021, we settled RMB491.9 million of our advances from non-controlling shareholders of subsidiaries existed as of December 31, 2020.

Item	Company	Principal Business	Registered capital	Ultimate Beneficial Owner
1.	Anhui Jinfurong Herbal Medicine Co., Ltd. (安徽省金芙蓉中藥飲片有限公司)	Chinese medicinal materials and dispensed medicines	RMB30 million	Directly owned by certain individuals
2.	Anhui Zhongtong Real Estate Co., Ltd. (安徽省中通置業有限公司)	Real estate development	RMB20 million	Indirectly owned by certain individuals
3.	Huaining Xingan Real Estate Development Co., Ltd. Qianshan Branch (懷甯縣興安房地產開發有限公司潛山縣分公司)	Real estate development and operation	RMB20 million(1)	Indirectly owned by certain individuals
4.	Anhui Bangtai Real Estate Co., Ltd. (安徽邦泰置業有限公司)	Real estate development and sales	RMB100 million	Directly owned by certain individuals
5.	Xuzhou Wansheng Real Estate Co., Ltd. (徐州萬盛置業有限公司)	Real estate development and property management	RMB20 million	Indirectly owned by certain individuals
6.	Anhui Honglan Real Estate Development Co., Ltd. (安徽弘嵐房地產開發有限公司)	Real estate development	RMB406 million	Indirectly owned by a company listed on the Stock Exchange
7.	Anhui Jingguan Real Estate Development Co., Ltd. (安徽京冠房地產開發有限公司)	Real estate development	RMB200 million	Directly owned by certain individuals

Item	Company	Principal Business	Registered capital	Ultimate Beneficial Owner
8.	Hefei Jiaqiao Real Estate Co., Ltd. (合肥加僑置業有限公司)	Real estate development	RMB200 million	Indirectly owned by certain individuals
9.	Anhui Hailiang Real Estate Development Co., Ltd. (安徽海亮房地產有限公司)	Real estate development	RMB3,150 million	Indirectly owned by a company listed on the Stock Exchange and certain individuals
10.	Nanjing Surui Real Estate Co., Ltd. (南京蘇瑞置業有限公司)	Real property development	RMB20.0 million	Indirectly owned by a supply and marketing cooperatives
11.	Beijing North Guojian Real Estate Co., Ltd. (北京北方國建置業有限公司)	Real estate development and property management	RMB100.0 million	Indirectly owned by certain individuals
12.	Anhui Liangsheng Real Estate Co., Ltd. (安徽梁盛置業有限公司)	Real estate development	RMB200 million	Indirectly owned by a company listed on the Stock Exchange
13.	Bozhou Jiantou Real Estate Development Co., Ltd. (亳州建投房地產開發有限公司)	Real estate development, and urban infrastructure and public welfare facilities development	RMB337 million	Indirectly owned by certain PRC governmental entities
14.	Nanjing Hongyang Ruishang Real Estate Development Co., Ltd. (南京弘陽瑞尚房地產開發有限公司)	Real estate development	RMB22.22 million	Indirectly owned by two companies listed on the Stock Exchange
15.	Wuhan Shihe Yingye Business Management Co., Ltd. (武漢世和盈業經營管理有限公司)	Enterprises management consultation	RMB5.0 million	Indirectly owned by a company listed on the Stock Exchange
16.	Chuzhou Tongxun Real Estate Co., Ltd. (滁州同巽置業有限公司)	Real property development	RMB50.0 million	Indirectly owned by a supply and marketing cooperatives
17.	Shanghai Zhongliang Real Estate Group Co., Ltd. (上海中梁地產集團有限公司)	Real property development	RMB10.0 billion	Indirectly owned by a company listed on the Stock Exchange

Item	Company	Principal Business	Registered capital	Ultimate Beneficial Owner
18.	Individual A	An Independent Third Party save for its shareholding in Suzhou Sanxun	N/A	N/A
19.	Nantong Zhenlong Building Material Trading Co., Ltd. (南通震隆建材貿易有限公司)	Wholesale of building related materials	RMB5.0 million	Directly owned by certain individuals
20.	Anhui Yusheng Real Estate Co., Ltd. (安徽昱晟置業有限公司)	Real property development	RMB100.0 million	Indirectly owned by certain individuals
21.	Guangdong Faneng Real Estate Co., Ltd. (廣東發能房地產有限公司)	Real property development	RMB100.0 million	Directly owned by certain individuals
22.	Shanghai Aijia Real Estate Development Co., Ltd. (上海愛家房地產開發有限公司)	Real property development	RMB5.0 million	Directly and indirectly owned by certain individuals
23.	Shanghai Ruixin Real Estate Development Co., Ltd. (上海睿信房地產開發有限公司)	Real property development	RMB50.0 million	Directly and indirectly owned by certain individuals
24.	Hangzhou Zhongyuan Real Estate Co., Ltd. (杭州眾遠置業有限公司)	Real property development	RMB50.0 million	Directly and indirectly owned by certain individuals
25.	Anhui Senmao Real Estate Co., Ltd. (安徽省森茂置業有限公司)	Real property development	RMB10.0 million	Directly owned by certain individuals
26.	Nantong Decheng Real Estate Co., Ltd. (南通德誠房地產有限公司)	Real property development	RMB505.6 million	Directly owned by certain company

Note:

(1) The registered capital of Huaining Xingan Real Estate Development Co., Ltd. Qianshan Branch (懷甯縣興安房地產開發有限公司潛山縣分公司) is the registered capital of its 100% holding company, Huaining Xingan Real Estate Development Co., Ltd. (懷甯縣興安房地產開發有限公司).

The following table sets forth the background of each of the institutional counter-parties for our advances from third parties. All remaining counter-parties for our advances from third parties were Independent-Third-Party individuals who were also our Controlling Shareholders' business partners with long-term relationship.

Item	Company	Principal Business	Registered capital	Ultimate Beneficial Owner
1.	A trust company	Financial institution, assets management	RMB1,339 million	Indirectly owned by certain PRC governmental entities, a state-owned enterprise and certain individuals
2.	A medical company	Medicines and medical instruments	RMB20 million	Directly owned by certain individuals
3.	Real estate company A	Real estate development and sales	RMB3,100 million	Indirectly owned by a company listed on the Stock Exchange
4.	Real estate company B	Real estate development and sales	RMB816.3 million	Indirectly owned by a company listed on the Stock Exchange
5.	Real estate company C	Real estate development and property management	RMB540.0 million	Indirectly owned by a company listed on the Stock Exchange
6.	Real estate company D	Real estate development and sales	RMB100 million	Directly owned by an individual
7.	Real estate company E	Government investment management and real estate development	RMB1,000 million	Directly owned by a PRC governmental entity
8.	An enterprise management company	Investment management consulting, business management consulting and property management	RMB2.0 billion	Indirectly owned by a company listed on the Stock Exchange

Our other payables and accruals further increased from RMB660.9 million as of December 31, 2018 to RMB1,718.6 million as of December 31, 2019 primarily due to: (i) Advances from non-controlling shareholders of certain of our subsidiaries in relation to projects including but not limited to Taihu Jinzhou House (太湖晉州府), Hefei Jade Orient (合肥翡麗東方), Hefei Elegance (合肥和悦風華) and Hefei Cloud Garden (合肥雲著園), in the amount of RMB118.3 million, RMB232.7 million, RMB246.7 million and RMB236.3 million, respectively, for the purposes of funding the development of the relevant projects, which was primarily attributable to the increase of number of projects under construction in 2019; and (ii) increase in interest payable mainly as a result of increase in borrowings, which was generally in line with our business development and the increase in the number of projects. Our advance from non-controlling shareholders of subsidiaries and third parties, are non-trade, unsecured and repayable on demand.

Our other payables and accruals increased to RMB1,902.8 million as of December 31, 2020 from RMB1,718.6 million as of December 31, 2019, which was generally in line with our business expansion in 2020, in particular the increase in our number of projects under construction as of December 31, 2020.

Other than such borrowing relationship disclosed above there is no past or present relationship between such non-controlling shareholder or third parties and us and our Shareholders, Directors, senior management, or any of their respective associates.

Contract Liabilities

Contract liabilities represent the sales proceeds received from customers in connection with our pre-sale of properties. Our Group starts the sales of our properties and collection of proceeds from customers before the properties are completed and ready for delivery. Such proceeds from customers are recorded as contract liabilities before the relevant sales are recognized as revenue. Such proceeds are non-interest-bearing. As of December 31, 2018, 2019 and 2020 contract liabilities amounted to RMB5,106.0 million, RMB7,483.0 million and RMB9,458.9 million, respectively, which was in line with our increase in contracted sales as a result of increase in pre-sales of certain projects for each period, including (i) Chuzhou Sanyue Lanshan (Langya House) (滁州三悦瀾山(琅琊府)), Bozhou Park Villa (亳州公園墅) and Chuzhou Joy Shire (British Mansion) (滁州和悦郡(英倫華第)) with an increase in contract liabilities of RMB440.3 million, RMB426.2 million and RMB415.8 million, respectively, in 2018; (ii) Fuyang Mandarin Upper Shire (阜陽文華上郡), Bozhou Park Villa (亳州公園墅) and Lixin Wenzhou House (利辛文州府) with an increase in contract liabilities of RMB1,035.9 million, RMB2.3 million and RMB397.4 million, respectively, in 2019; and (iii) Lixin State Guest Garden (利辛國賓府臻園), Guoyang Territory (渦陽江山印), Bozhou Platinum House (亳州鉑悦府), Hefei Jade Orient (合肥翡麗東方) and Taihu Jinzhou Mansion (太湖晉州府) with an increase in contract liabilities of RMB728.0 million, RMB595.9 million, RMB533.7 million, RMB508.7 million and RMB463.6 million, respectively in 2020.

The contract liabilities with the expected timing of more than one year for recognition of revenue increased from RMB2,841.7 million as of December 31, 2018 to RMB3,731.3 million as of December 31, 2019, and the contract liabilities with the expected timing within one year for recognition of revenue increased to RMB3,751.7 million as of December 31, 2019, which was primarily because a significant portion of the contracted sales in 2019 was contracted and delivered in the same year. Contract liabilities with the expected timing of more than one year for recognition of revenue increased from RMB3,731.3 million as of December 31, 2019 to RMB5,057.1 million as of December 31, 2020, primarily attributable to increase in number of projects which commenced pre-sale as of December 31, 2020, many of which expected delivery in more than one year.

The table below sets forth the expected timing of recognition of revenue for our contract liabilities during the Track Record Period:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	2,264,286	3,751,735	4,401,873
More than one year	2,841,719	3,731,307	5,057,076
Contract liabilities	5,106,005	7,483,042	9,458,949

As of April 30, 2021, we recognized RMB5,059.2 million, RMB4,236.8 million and RMB472.1 million of our contract liabilities, representing 99.1%, 56.6% and 5.0% of our total contract liabilities, as of December 31, 2018, 2019 and 2020 as revenue, respectively.

The table below sets forth the balances of contracted liabilities by age groups according to the date of receipts as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	3,420,611	4,998,277	6,001,011
More than one year and less than two years	1,669,466	1,670,251	3,367,196
More than two years and less than three years	15,928	814,514	90,742
Total contract liabilities	5,106,005	7,483,042	9,458,949

LIQUIDITY AND CAPITAL RESOURCES

Source of Liquidity

We operated in a capital-intensive industry and have financed our working capital, capital expenditure and other capital requirements primarily through cash generated from operations including proceeds from the pre-sale of our properties, as well as trust, asset management and other financings, which were typically designated for specific construction and projects of our Group. See "Financial Information—Indebtedness—Trust and Asset Management Financing Arrangements" and "Financial Information—Indebtedness—Other Financing Arrangements" in this prospectus. In addition, we adopted measure to manage our funds and working capital through the different means of financing, including: (i) review cash flow forecast/budget of a project; (ii) analyze the capital requirement of a project to employ diversified financing channel which is amenable to the construction stage/capital requirements of such project; (iii) conduct financial ratio analysis such as gearing ratio to optimize the financial structure of the company and to minimize the cost of capital; and (iv) supervise the performance and ensure there is no breach of covenant or terms of the financing agreement.

We may also look for additional financing opportunities, such as the issuance of corporate bonds, asset-backed securities programs and other debt offerings, to fund our property development operations. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies.

As of December 31, 2018, 2019 and 2020, we had cash and cash equivalents of RMB81.6 million, RMB285.5 million and RMB457.4 million, respectively, which primarily consisted of cash at bank.

Net Current Assets

The table below sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Current asset				
Properties under development	4,739,851	9,536,877	11,656,637	11,949,196
Completed properties held for sale	213,225	204,263	540,891	1,351,632
Due from related parties	174,714	51,429	40,392	36,404
Due from a shareholder	4,055	–	–	–
Prepayments, other receivable and other asset	1,468,259	1,412,642	1,723,663	1,824,817
Financial assets at fair value through profit or loss	2,102	22,631	–	–
Tax recoverable	83,148	130,306	209,805	222,401
Restricted cash	646,805	1,129,495	1,477,174	1,246,261
Pledged deposits	102,558	179,669	307,232	416,583
Cash and cash equivalents	81,649	285,515	457,430	499,609
Contract cost assets	30,496	35,115	64,114	59,333
Total current assets	7,546,862	12,987,942	16,477,338	17,606,235
Current liabilities				
Trade and bills payables	652,841	1,201,600	1,429,801	1,105,294
Other payables and accruals	660,884	1,718,590	1,902,844	1,329,223
Contract liabilities	5,106,005	7,483,042	9,458,949	11,416,615
Due to related parties	4,443	–	3,709	4,540
Interest-bearing loans and other borrowings	709,659	870,743	1,065,298	1,418,201
Lease liabilities	–	3,670	12,823	12,857
Tax payable	97,752	289,837	468,530	452,735
Total current liabilities	7,231,584	11,567,482	14,341,954	15,739,465
Net current assets	315,278	1,420,460	2,135,384	1,866,770

Our net current assets increased from RMB315.3 million as of December 31, 2018 to RMB1,420.5 million as of December 31, 2019 primarily due to increases in (i) properties under development; (ii) prepayments, other receivables and other asset as we expanded our business; (iii) restricted cash and (iv) completed properties held for sale, partially offset by increases in contract liabilities, interest-bearing loans and other borrowings as well as other payables and accruals. Such changes were in line with our business expansion. Our net current assets increased from RMB1,420.5 million as of December 31, 2019 to RMB2,135.4 million as of December 31, 2020 primarily due to (i) increase in our number of projects under development, prepayments and other receivables, and (ii) decrease in other payables and accruals, and (iii) partially offset by increase in contract liabilities, which in turn was primarily attributable to the sale/pre-sale proceeds received in relation to contracted sales occurred towards the end of 2019. This was partially due to the mortgage approval process, as it usually takes two to three months for mortgage banks to approve mortgage loan applications and disburse loan proceeds.

Restricted Cash

Restricted cash represents certain amount of payments our Group received in advance from customers that were deposited pursuant to relevant laws and regulations of the PRC in designated bank accounts for specified use only. See "Regulation—Real Estate Transactions—Pre-sale of Commodity Properties." Our restricted cash increased during the Track Record Period primarily due to the increase of pre-sales of certain projects for each period, including (i) Bozhou Bo's Mansion (亳州亳公館), Bozhou Park Villa (亳州公園墅) and Lixin No. 1 Yard (利辛壹號院) with an increase in restricted cash of RMB114.2 million, RMB86.8 million and RMB72.1 million, respectively, in 2018; (ii) Fuyang Mandarin Upper Shire (阜陽文華上郡), Huainan Academy No. 1 (淮南學府壹號) and Lixin Platinum House (利辛鉑悅府) with an increase in restricted cash of RMB128.9 million, RMB124.1 million and RMB107.1 million, respectively, in 2019; and (iii) Guoyang Territory (渦陽江山印), Nanjing Fortune Shire (南京如意郡), Hefei Jade Orient (合肥翡麗東方), Taihu Jinzhou Mansion (太湖晉州府) and Nanjing Joy Garden (南京和悦瀾庭) with an increase in restricted cash of RMB110.3 million, RMB103.1 million, RMB102.9 million, RMB75.5 million and RMB75.4 million, respectively, as contracted sales from these projects increased, resulting in an increase in pre-sale proceeds in 2020 and accordingly an increase in restricted cash.

The lower balances of our restricted cash as compared with the balances of contract liabilities as of the end of each reporting period during the Track Record Period were primarily due to the following reasons:

(i) a portion of the pre-sale proceeds were not deposited fully or directly into the designated escrow accounts of our Group;

(ii) we withdrew a portion of the funds from the escrow accounts for permitted uses; and

(iii) we recorded a portion of the pre-sale proceeds as finance cost pursuant to IFRS,

and partially offset by:

(i) the contract liabilities transferred to revenue upon delivery of the relevant projects in accordance with the IFRS; and

(ii) taxes related to the recognized contract liabilities, which was transferred to tax payable.

Applicable laws and regulations do not impose thresholds of minimum balances for general escrow funds. The difference between the amounts of contract liabilities (or the pre-sale proceeds) and restricted cash for a project as of the end of a year equals:

- the difference between the amounts of contract liabilities (or the pre-sale proceeds) and restricted cash for a project as of the beginning of a year, plus
- difference between pre-sale proceeds received and deposited, plus
- construction and related payments we made using the pre-sale proceeds (including key escrow funds and the general escrow funds), plus
- the portion of the pre-sale proceeds we record as finance cost pursuant to IFRS, minus
- the contract liabilities transferred to revenue upon delivery of the relevant projects in accordance with the IFRS, minus
- Taxes related to the recognized contract liabilities, which has transferred to tax payable.

Lastly, as of December 31, 2018, 2019 and 2020, being the time of inspection, there was a timing difference between the time we received the pre-sale proceeds and recognized as contract liabilities and the time we deposited the pre-sale proceeds received into our escrow accounts in each period during the Track Record Period.

Pledged Deposits

Pledged deposits primarily consists of bank deposits pledged as security for purchasers' mortgage loans in the amount of RMB95.9 million, RMB171.1 million and RMB287.7 million as at December 31, 2018, 2019 and 2020, respectively, and bank deposits pledged as security for construction of projects in the amount of bank deposits of RMB6.6 million, RMB8.6 million and RMB19.6 million as of December 31, 2018, 2019 and 2020, respectively. Increase in our pledged deposits during the Track Record Period was generally in line with our business expansion.

Interest-bearing Loans and Other Borrowings

Interest-bearing loans and other borrowings consist primarily of loans, asset management plan and trust financing. The increase in interest-bearing loans and other borrowings during the Track Record Period was primarily due to the increasing needs for financing as we expanded our business.

Cash Flows Analysis

	For the year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Operating cash flows before movements in working capital	102,665	744,926	690,066
Change in working capital	22,559	(1,845,106)	(474,449)
Interest and tax paid	(551,547)	(798,312)	(574,065)
Net cash flows used in operating activities	(426,323)	(1,898,492)	(358,448)
Net cash flows (used in)/ from investing activities	(65,888)	(112,527)	48,463
Net cash flows from financing activities	526,133	2,214,885	481,900
Net increase in cash and cash equivalents	33,922	203,866	171,915
Cash and cash equivalents at beginning of the year	47,727	81,649	285,515
Cash and cash equivalents at the end of the year	81,649	285,515	457,430

Net Cash Flows Used in Operating Activities

Our primary source of cash generated from operating activities is proceeds we receive from the sales of our properties, including pre-sales of properties under development. Our primary uses of cash in operating activities are amounts that we pay for our property development activities, including land use rights costs and construction and labor costs.

In 2020, our net cash flows used in operating activities were RMB358.4 million, which was the result of (i) cash generated from operations of RMB208.0 million; (ii) interest paid of RMB239.7 million; and (iii) tax paid of RMB334.3 million, partially offset by interest received of RMB7.6 million. Net cash used in operations was primarily the result of (i) profit before tax of RMB643.3 million; (ii) positive cash flow before changes in working capital of RMB690.1 million; and (iii) negative changes in working capital of RMB474.4 million, primarily reflecting (a) increase in properties for development and for sale of RMB1,740.1 million as a result of our increased property development activities; and (b) increase in restricted cash of RMB347.7 million, partially offset by (a) increase in contract liabilities of RMB1,578.6 million due to the increase of contracted sales; (b) increase in trade and bills payables of RMB222.5 million in line with our business expansion; and (c) decrease in prepayments, deposits and other receivables of RMB30.8 million.

In 2019, our net cash flows used in operating activities were RMB1,898.5 million, which was the result of (i) cash used in operations of RMB1,106.5 million; (ii) interest paid of RMB123.1 million; and (iii) tax paid of RMB675.3 million, partially offset by interest received of RMB6.3 million. Net cash used in operations was primarily the result of (i) profit before tax of RMB682.6 million; (ii) positive cash flow before changes in working capital of RMB744.9 million; and (iii) negative changes in working capital of RMB1,845.1 million, primarily reflecting (a) increase in properties for development and for sale of RMB4,451.4 million as a result of our increased property development activities, and (b) increase in restricted cash of RMB482.7 million, partially offset by (a) increase in contract liabilities of RMB2,125.5 million due to the increase of contracted sales, (b) increase in trade and bills payables of RMB548.8 million in line with our business expansion, and (c) decrease in prepayments, deposits and other receivables of RMB407.2 million in line with our business expansion.

In 2018, our net cash flows used in operating activities were RMB426.3 million, which was the result of (i) cash used in operations of (i) interest paid of RMB61.2 million; and (ii) tax paid of RMB490.3 million; partially offset by (i) interest received of RMB2.4 million and (ii) cash generated from operations of RMB122.8 million. Net cash generated from operations was primarily the result of (i) profit before tax of RMB87.8 million; (ii) positive cash flow before changes in working capital of RMB102.7 million; and (iii) positive changes in working capital of RMB22.6 million, primarily reflecting (a) increase in contract liabilities of RMB2,745.2 million associated with our increased pre-sale of new property projects, (b) increase in trade and bills payables of RMB293.5 million, partially offset by (a) increase in properties for development and for sale of RMB2,303.1 million as a result of our increased property development activities, (b) increase in restricted cash of RMB440.0 million due to the increase of contract liabilities and business expansion, and (c) increase in prepayments, deposits and other receivables of RMB168.6 million in connection with prepayments for the land use rights acquired in 2018.

We recorded net operating cash outflows of RMB426.3 million, RMB1,898.5 million, and RMB358.4 million for the years ended December 31, 2018, 2019 and 2020. Key factors affecting our operating cash flows are proceeds from sale and pre-sale of properties, construction and labor costs and land use rights costs. Fluctuation in our operating cash flows during the Track Record Period was primarily due to the compound effect of (i) the increase in our property development activities which requires capital investment, and (ii) the mismatch in time between the cash outflows incurred for property developments and the cash inflows generated by our property projects. Specifically, our net operating cash outflow increased to RMB1,898.5 million in 2019 mainly attributable to the increase in our number of projects in 2019. For instance, we commenced development of 15 projects (including one developed by one of our associates) in the year of 2019, and accordingly recorded operating cash outflows for the increase in properties under development and for sale in the amount of RMB4,451.4 million, while only recorded operating cash inflows for increase in contract liabilities in the amount of RMB2,125.5 million. Though certain of these projects commenced pre-sale towards the end of 2019, most of such 15 projects commenced pre-sales in 2020, and all such projects contributed a major portion of cash inflows in 2020, such as Lixin State Guest Garden (利辛國賓府臻園), Guoyang Territory (渦陽江山印), Hefei Cloud Garden (合肥雲著園), Nanjing Fortune Shire (南京如意郡) and Suzhou Guojian Elegance (宿州國建風華), and the cash inflows derived from these projects will diminish in 2021. Our project development cycle also explains for the mismatch of cash outflows and cash inflows in time. Our project development cycle generally ranges from approximately two to three years. It typically takes seven to 12 months commencing from land acquisition to the commencement of pre-sales, and approximately 18 to 30 months from the commencement of pre-sale to the date of the completion certificate, depending on the scale of the properties and the market conditions. Please see "Risk Factors—Risks Relating to Our Business—We recorded net operating cash outflows in 2018, 2019 and 2020, and our results of operations and cash flow may vary significantly depending on factors including the schedule of our property development and the timing of property sales."

Net Cash Flows (Used in)/from Investing Activities

Net cash used in our investing activities is primarily related to cash outflow in connection with acquisition of associates, advances to related parties, purchase of property, plant and equipment and financial assets. Net cash flows from our investing activities is primarily related to cash inflow in connection with repayment of loan and receivable as well as income from financial assets.

In 2020, our net cash flows from investing activities were RMB48.5 million, primarily attributable to proceeds from transfer of equity interests in an associate, and decrease in financial assets at fair value through profit or loss.

In 2019, our net cash flows from investing activities were RMB112.5 million, primarily attributable to (i) decrease in loan and receivable of RMB45.1 million; and (ii) increase in financial assets at fair value through profit or loss of RMB20.5 million, partially offset by (i) purchases of items of property, plant and equipment of RMB27.4 million; (ii) acquisition of associates with RMB57.9 million; and (iii) net outflows to associates of RMB86.1 million.

In 2018, our net cash flows used in investing activities was RMB65.9 million, primarily attributable to (i) increase in loan and receivable of RMB45.1 million; (ii) purchases of items of property, plant and equipment of RMB18.7 million; and (iii) increase in financial assets at fair value through profit or loss of RMB2.1 million.

Net Cash Flows from Financing Activities

Cash generated from financing activities is primarily related to proceeds from repayment of interest-bearing loans and other borrowings, advances from third parties, repayment of advance to a Shareholder and capital contribution from non-controlling Shareholders. Cash used in financing activities is primarily related to repayment of interest-bearing loans and other borrowings, advance to our Shareholder and advance to related parties.

In 2020, our net cash flows from financing activities was RMB481.9 million, which was primarily attributable to (i) proceeds from interest-bearing loans and other borrowings of RMB1,370.5 million; (ii) decrease in amounts due to non-controlling shareholders of subsidiaries of RMB102.8 million; and (iii) capital contribution from the non-controlling shareholders of RMB263.2 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB1,031.1 million.

In 2019, our net cash flows from financing activities was RMB2,214.9 million, which was primarily attributable to (i) proceeds from interest-bearing loans and other borrowings of RMB2,516.4 million; (ii) advance from non-controlling shareholders of the subsidiaries of RMB972.0 million; (iii) repayment of advance to a Controlling Shareholder of RMB4.1 million; and (iv) capital contribution from the non-controlling shareholders of RMB192.5 million, partially offset by repayment of interest-bearing bank loans and other borrowings of RMB1,469.0 million.

In 2018, our net cash flows from financing activities was RMB526.1 million, which was primarily attributable to (i) proceeds from interest-bearing bank and other borrowings of RMB811.7 million; (ii) repayment of advances from a Controlling Shareholder of RMB486.0 million; (iii) advance from non-controlling shareholders of the subsidiaries of RMB364.6 million; and (iv) capital contribution by the non-controlling Shareholders of RMB84.6 million, partially offset by (i) repayment of interest-bearing loans and other borrowings of RMB590.9 million; (ii) advance to a Controlling Shareholder of RMB455.8 million; and (iii) advance to related parties of RMB132.3 million.

Working Capital

We need working capital to pay land use rights costs, construction and labor costs and all applicable taxes for projects developed by our subsidiaries, and to service our debts when due. In 2018 and 2019, we recorded net operating cash outflows, primarily due to the increase in our property development activities. In 2020, we recorded net operating cash outflows of RMB358.4 million. See "—Liquidity and Capital Resources—Cash Flows Analysis—Net Cash Flows (Used in)/from Operating Activities" in this section.

To achieve sufficient working capital, we intend to improve our cash flow position by (i) increasing cash inflows associated with the sales and pre-sales of our properties by implementing rigorous payment incentive policy and enhancing payment collection from customers. We intend to continue monitoring our development and construction schedules, property sales and land acquisition plans based on the cash inflows associated with existing and planned external financing opportunities, including but not limited to the issuance of corporate bonds or other debt offerings; and (ii) controlling cash outflows by controlling our costs and better utilizing the payment terms under the construction agreements provided by our general contractors through negotiation and the establishment of strategic relationships, in order to optimize the payment schedules for construction fees to match our proceeds collection and property sales plan. Our Directors are of the view that our Group will have sufficient working capital for our operations and expansion plans, given the measures we intend to implement and taking into account (i) our cash on hand; (ii) future cash inflows including sales proceeds, interest income on bank deposits, external borrowings, net proceeds from the Global Offering, collection of amounts due from associates and non-controlling shareholders of subsidiaries; and (iii) future cash outflows including land acquisition costs, construction costs, deposits repayable, borrowings repayable, amounts payable to non-controlling shareholders of subsidiaries and third parties and others.

The table below sets forth a quantitative analysis on how our Group's property development plan during the Track Record Period led to the fluctuation of cash flow.

	For the year ended December 31,		
	2018	2019	2020
	RMB million	*RMB million*	*RMB million*
Actual major sources of funds			
Cash and bank balances at beginning of year	287.3	831.0	1,594.7
Proceeds from sale and pre-sale of properties	3,623.3	5,485.8	5,978.2
Payments from non-controlling shareholders	364.6	972.0	–
Proceeds from bank and other borrowings and interest income	811.7	2,516.4	1,370.5
Total	5,086.9	9,805.2	8,943.4
Actual major expenses			
Construction and labor costs	1,190.0	1,829.1	2,949.2
Land use rights costs	1,403.4	4,071.2	2,149.2
Selling and administration expenses	111.9	247.9	388.9
Repayment to non-controlling shareholders	–	–	102.8
Repayments for bank and other borrowings	590.9	1,469.0	1,031.1
Tax and interest payments	551.5	798.3	574.1
Total	3,847.7	8,415.5	7,195.3

The fluctuation of cash flow relating to our project development was primarily due to the compound effect of (i) the increase in our property development activities which requires capital investment either from our internal source of funding or bank and other borrowings, and (ii) the mismatch in time between the cash outflows incurred for property developments and the cash inflows generated from pre-sale of our property projects. Our project development cycle generally ranges from approximately two to three years. It typically takes seven to 12 months commencing from land acquisition to the commencement of pre-sales, and approximately 18 to 30 months from the commencement of pre-sale to the date of the completion certificate, depending on the scale of the properties and the market conditions. Our number of projects as of December 31, 2018, 2019 and 2020 were 27, 36 and 45, respectively.

Sufficiency of Working Capital

Taking into account our current property development projects and our expansion plans, our expected cash generated from operations, our credit facilities maintained with financial institutions, the estimated net proceeds from the Global Offering, and additional financial resources available to us, together with our expected cash outflow in the near future, our Directors are of the opinion, and the Sponsor concurs, that we will have available sufficient working capital for our present requirements for at least the 12 months following the date of this prospectus.

Our Directors confirm that we have no material defaults in payment of trade and non-trade payables and borrowings, nor do we have any breaches of covenants during the Track Record Period and up to the date of this prospectus.

Capital Expenditures

Our capital expenditures during the Track Record Period primarily represented expenditures incurred in relation to purchase of property, plant and equipment. In 2018, 2019 and 2020, we incurred capital expenditures of RMB18.7 million, RMB27.4 million and RMB8.4 million, respectively. Our Directors estimate that our additional capital expenditure for the years ending December 31, 2021 and 2022 will be approximately RMB16.9 million and RMB19.7 million, respectively. Such estimate represents the total capital expenditure that we expect to incur in the relevant period based on our existing business plans. We may adjust our business plans from time to time and the estimated total capital expenditure may also change.

Contingent Liabilities

Mortgage Guarantees

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the execution of the mortgage guarantee contract up until (i) two years after the maturity of the bank borrowings and mortgages in the event of customer's default; or (ii) the registration of the mortgage are completed. If a purchaser defaults on the mortgage loan, we are typically required to repurchase the underlying property by paying off the mortgage loan. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks.

The following table sets forth our total mortgage guarantees as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Guarantees given to banks in connection with facilities granted to purchasers of our Group's properties	2,454,844	5,090,210	7,084,443

As of December 31, 2020, we estimated that the net realizable value of the underlying properties for which we provided mortgage guarantees as of December 31, 2020, amounted to approximately RMB10.3 billion. As of the Latest Practicable Date, we encountered 41 incidents of default by purchasers which resulted in our Group having to repay all outstanding amounts, in aggregate, of RMB4.4 million owed by the purchasers to the mortgagee banks under the loans, which did not have a material impact on our business, results of operations or financial condition. See "Risk Factors—Risks Relating to Our Business—We guarantee the mortgage loans of our customers and may be liable to the mortgagee banks if our customers default on their mortgage payments" in this prospectus. Reporting Accountant's opinion on the historical financial information of our Group for the Track Recording Period is set out in Appendix I to this Prospectus. Having considered the foregoing and discussed with our Company in relation to the net realizable value of the related properties and the outstanding mortgage loans together with any accrued interest and penalty, the Sole Sponsor is of the view that nothing has come to its attention that may cast doubt on the net realizable value of the related properties not being sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty.

Legal Contingents

We are involved in lawsuits and other proceedings in the ordinary course of business. We believe that no liabilities resulting from these proceedings will have a material and adverse effect on our business, financial condition or results of operations. See "Business—Legal Proceedings and Material Claims" in this prospectus.

COMMITMENTS

Expenditure Commitments

The following table sets forth our property development expenditures we had contracted but not yet provided for as of the dates indicated:

	As of December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
– Property development activities	3,526,591	4,084,407	3,818,851
– Acquisition of land use rights	863,002	793,876	327,200
	4,389,593	4,878,283	4,146,051

We intend to fund our expenditure commitments by using our cash flow generated from pre-sales/sales, bank and other financings and the net proceeds received from the Global Offering.

INDEBTEDNESS

General

During the Track Record Period, our bank loans and other borrowings are on normal commercial terms. The following table sets forth the principal amounts of our current and non-current bank loans and other borrowings as of the dates indicated:

	As of December 31,			As of April 30,
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Current Borrowings:				
Secured[(1)]	358,416	563,600	1,056,326	1,420,767
Unsecured[(1)]	351,243	307,143	8,972	–
Total Current Borrowings	709,659	870,743	1,065,298	1,420,767
Non-Current Borrowings:				
Bank loans – secured	–	484,990	794,220	862,500
Other loans – secured[(1)]	–	401,327	236,934	97,434
Total Non-Current Borrowing:	–	886,317	1,031,154	959,934
Total	709,659	1,757,060	2,096,452	2,380,701

Note:

(1) These borrowings are mainly in the form of trust and assets management financing arrangements with trust financing providers and asset management companies, and other financing arrangements with companies and independent third party individuals.

The following table sets forth our borrowings by source of funding as of the dates indicated:

	As of December 31,			As of April 30,
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Current Borrowings				
– Banks	–	–	114,000	54,767
– Trust financing providers	300,416	367,100	389,541	707,000
– Asset management companies	–	37,000	164,786	210,000
– Others	409,243	466,643	396,971	449,000
Total current borrowings	709,659	870,743	1,065,298	1,420,767
Non current borrowings				
– Banks	–	484,990	794,220	862,500
– Trust financing providers	–	30,000	236,934	97,434
– Asset management companies	–	297,327	–	–
– Others	–	74,000	–	–
Total non-current borrowings	–	886,317	1,031,154	959,934
Total	709,659	1,757,060	2,096,452	2,380,701

Our total outstanding borrowings increased from RMB709.7 million as of December 31, 2018 to RMB1,757.1 million as of December 31, 2019. The increase in our total outstanding borrowings in 2018 and 2019 was primarily due to increasing financing activities as a result of our business expansion, and is generally in line with the increase in our number of projects during the Track Record Period. Our total borrowings increased to RMB2,096.5 million as of December 31, 2020 from RMB1,757.1 million as of December 31, 2019, primarily due to our prudent approach to obtaining external financing and our effort to control our gearing ratio. During the Track Record Period, we had no difficulty in obtaining bank loans. The reasons why substantially all of our borrowings were from trust and other financing arrangements were because these arrangements usually offer greater flexibility in terms of availability, approval schedule and collateral and repayment requirements, and therefore is an effective source of funding for our project developments, particularly during the tightened banking credit environments.

As of December 31, 2020, our borrowings were secured by our asset portfolio including properties under development, equity interest of subsidiaries and guarantees from our Controlling Shareholders and other affiliates. All of such pledges and guarantees by our Controlling Shareholders and their associates will be released prior to the Listing.

We are subject to certain customary restrictive covenants under our financing agreements. For example, certain of our subsidiaries are prohibited from material asset transfer, liquidation and/or incurring further indebtedness without the prior consent of the relevant lenders. See "Risk Factors—Risks Relating to Our Business—We have incurred indebtedness and may incur additional indebtedness in the future, which may materially and adversely affect our financial condition and results of operations" in this prospectus. However, our Directors do not expect that such covenants would materially restrict our overall ability to undertake additional debt or equity financing necessary to carry out our current business plans. Our Directors confirmed that they were not aware of any breach of any of the covenants contained in our loan facilities constituting any event of default during the Track Record Period and up to the Latest Practicable Date, nor were they aware of any restrictions that will limit our ability to drawdown on our unutilized facilities. Our Directors further confirmed that during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in obtaining borrowings nor had we been rejected for any application.

The weighted average effective interest rates on our total borrowings, which represent actual borrowing cost incurred during the period divided by weighted average borrowings that are outstanding during the period, as of December 31, 2018, 2019 and 2020 were 14.0%, 12.3% and 9.4%, respectively.

As of the Latest Practicable Date, we had approximately RMB4.0 billion unutilized credit facilities. Our approved unutilized credit facilities are covered by legally binding and enforceable loan agreements which we have entered into with other financial institutions. We do not anticipate any changes to the availability of financing to finance our operations in the future, although there is no assurance that we will be able to access financing on favorable terms or at all.

The following table sets forth the maturity profiles of our total borrowings as of the dates indicated:

	As of December 31,			As of April 30,
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Repayable within one year	709,659	870,743	1,065,298	1,420,767
Repayable in the second year	–	401,327	1,031,154	924,934
Repayable in the third year	–	484,990	–	35,000
Total	709,659	1,757,060	2,096,452	2,380,701

Trust and Asset Management Financing Arrangements

As with many other property developers in the PRC, we may also enter into financing arrangements with trust companies, asset management companies and their financing vehicles, as well as other financial partners in the ordinary course of business to finance our property development and other related operations. Save for Financial Institution E, in which Mr. Qian held a 0.67% equity interest, such trust companies, asset management companies and their financing vehicles, as well as other financial partners are Independent Third Parties to us. Compared with bank borrowings, such financing arrangements usually offer greater flexibility in terms of availability, approval schedule and repayment requirements, which constitute an effective alternative source of funding for some of our project developments, particularly during the tightened banking credit environments. Save for a small portion used as working capital or for general corporate purposes, financings obtained through trust and other financing arrangements are designated for specific construction and development projects of our Group. For the trust and other financings designated for specific projects, we, together with our lenders, take the following measures to ensure that the funds are properly applied as designated: (i) the transactional documents of the financing arrangement typically stipulate the use of proceeds, and provide for practical mechanisms for the lenders to supervise the respective borrowing project company's use of proceeds. (ii) we as the borrower also conduct periodic inspection of our use of proceeds to ensure that we strictly comply with the covenants as stipulated in the pertinent transactional documents. Under the financing documents with some of our lenders, we shall seek the lender's approval for using the proceeds.

These financing arrangements can be categorized into trust financing and other financing arrangements, and the financings obtained through such arrangements are used strictly in accordance with the requirements under the financing agreements we entered into with financial institutions and other financial partners. Trust financing arrangements refer to the financing arrangements with trust companies, asset management companies and their financing vehicles. As of December 31, 2020, the total amount of trust and asset management financing outstanding accounted for 37.7% of our total borrowings as of the same date. For additional information as to the relevant laws and regulations applicable to trust financing arrangements, see “Regulatory Overview—Real Estate Financing—Trust and Asset Management Financing” in this prospectus. Other financing arrangements refer to financial arrangements, such as corporate borrowings, with other financial partners. The following table sets forth our trust financing arrangements with trust companies, asset management companies and their financing vehicles as of the dates indicated:

						Principal balance as of						
Item	Financial institution	Principal business of financial partners	Annual interest rate	First draw down date	Maturity date	December 31, 2018	December 31, 2019	December 31, 2020	April 30, 2021	Collaterals[1]	Veto rights to financial institution	General category of trust financing arrangements
						RMB'000	RMB'000	RMB'000	RMB'000			
1.	Financial Institution B[3]	Financial institution, assets management	11%	09/21/2017	05/24/2019	150,416	–	–	–	Joint and several guarantee by Anhui Sanxun Investment, Mr. Qian and Ms. An; pledge of land use rights of Chuzhou Sanxun Chengnan; pledge of 100% equity interest in Chuzhou Sanxun Chengnan	N/A	Type 1
			Fixed rate 13% and floating rate 1%	03/28/2019	04/04/2020	–	60,000	–	–	Joint and several guarantee by Anhui Sanxun Investment, Mr. Qian and Ms. An; pledge of land use rights of Lixin Sanxun Zhongtong; pledge of 100% equity interest in Lixin Sanxun Zhongtong	N/A	Type 1
			14%	12/19/2019	01/27/2021	–	160,000	15,441	–	Joint and several guarantee by Anhui Sanxun Investment, Chuzhou Sanxun, Mr. Qian and Ms. An; pledge of land use rights of Ningyang Sanxun and Nanjing Tengxun Real Estate Co., Ltd.; pledge of 100% equity interest in Ningyang Sanxun	N/A	Type 1

Item	Financial institution	Principal business of financial partners	Annual interest rate	First draw down date	Maturity date	Principal balance as of December 31, 2018	Principal balance as of December 31, 2019	Principal balance as of December 31, 2020	Principal balance as of April 30, 2021	Collaterals[(1)]	Veto rights to financial institution	General category of trust financing arrangements
						RMB'000	*RMB'000*	*RMB'000*	*RMB'000*			
			10%	06/30/2020	01/16/2022	–	–	297,000	297,000	Joint and several guarantee by Chuzhou Sanxun, Bozhou Hexun, Mr. Qian and Ms. An; pledge of land use rights of Bozhou Hexun; pledge of 100% equity interest in Lixin Sanxun Zhongtong	N/A	Type 1
2.	Financial Institution C[(4)]	Financial assets management and other financial services	13%	06/26/2019	06/25/2021	–	297,327	–	–	Joint and several guarantee by Anhui Sanxun Investment and Mr. Qian; pledge of land use rights of Nanjing Jiuxun and Lixin Sanxun Zhongtong Nancheng; pledge of 100% equity interest in Nanjing Jiuxun and Lixin Sanxun Zhongtong Nancheng; security pledge by Bozhou Sanxun, Bozhou Sanxun Nancheng, Nanjing Jiuxun and Lixin Sanxun Zhongtong Nancheng	N/A	Type 1
			9%	11/19/2020	07/07/2022	–	–	288,034	297,434	Pledge of land use right of Lingbi Sanxun; pledge of 100% equity interest in Lingbi Sanxun; guarantee by Chuzhou Sanxun and Mr. Qian	N/A	Type 1
3.	Financial Institution B	Financial institution, assets management	11.5%	05/25/2018	09/07/2019	150,000	–	–	–	Joint and several guarantee by Anhui Sanxun Investment, Mr. Qian and Ms. An; pledge of land use rights of Bozhou Sanxun Gongguan; pledge of 80% equity interest in Chuzhou Sanxun; transfer of 20% shares in Chuzhou Sanxun	Yes	Type 2

Item	Financial institution	Principal business of financial partners	Annual interest rate	First draw down date	Maturity date	Principal balance as of December 31, 2018	December 31, 2019	December 31, 2020	April 30, 2021	Collaterals[1]	Veto rights to financial institution	General category of trust financing arrangements
						RMB'000	RMB'000	RMB'000	RMB'000			
4.	Financial Institution E[6]	Financial, chattel, real estate and other property trust, and fund investment	11.63%	06/06/2019	06/20/2020	–	177,100	–	–	Pledge of land use rights of Hefei Sanxun; pledge of 18% equity interest in Hefei Sanxun; transfer of 70% shares in Hefei Sanxun; and joint and several guarantee by Zeng Huansha	Yes	Type 2
5.	Financial Institution F[7]	Equity interest investment management, and entrusted to manage equity interest investment funds	15%	08/08/2019	November 9, 2019 to February, 2021 or upon the GFA sold exceeds 85% total saleable GFA of the project	–	37,000	–	–	Pledge of 51% equity interest in Bozhou Qianxun Real Estate Co., Ltd.; pledge of 100% equity interest in Bozhou Hexun Real Estate Co., Ltd. and its land and on-land construction; transfer of 49% shares in Bozhou Qianxun; and joint and several guarantee by Anhui Sanxun Investment, Mr. Qian and Ms. An	Yes	Type 2
6.	Financial Institution G	Equity interest investment management, and entrusted to manage equity interest investment funds	16%	04/02/2020	04/01/2021	–	–	164,786	–	Pledge of 20.0% equity interest in Nanjing Xixun and Nanjing Chunxun; mortgages on land parcels owned by Nanjing Xixun and Nanjing Chunxun; transfer of 80% shares in Nanjing Chunxun and Nanjing Xixun; guaranteed by Anhui Sanxun, Chuzhou Sanxun, as well as individuals including Mr. Qian Kun and Ms. An Juan.	N/A	Type 2
				03/25/2021	03/24/2022	–	–	–	130,000	Transfer of 90.0% equity interest in Chuzhou Xunze; pledge of 100.0% equity interest in Wuxi Xunyi and 10.0% equity interest in Chuzhou Xunze; mortgage on land parcels owned by Wuxi Xunyi.	N/A	Type 2

Item	Financial institution	Principal business of financial partners	Annual interest rate	First draw down date	Maturity date	Principal balance as of December 31, 2018	December 31, 2019	December 31, 2020	April 30, 2021	Collaterals[1]	Veto rights to financial institution	General category of trust financing arrangements
						RMB'000	*RMB'000*	*RMB'000*	*RMB'000*			
7.	Financial Institution H	Comprehensive financing services and asset management services	12.50%	12/11/2020	12/11/2021	–	–	26,000	–	Pledge of land use of Jiangyin Liangsheng	N/A	Type 1
8.	Financial Institution I	Investment activities, information technologies consulting services and financing consulting services	13.50%	01/15/2021	07/15/2021	–	–	–	80,000	Pledge of 8% equity interest in Huaiyuan Tongxun; guaranteed by Mr. Qian	N/A	Type 1
9.	Financial Institution J	Financial institution, assets management	9.80%	01/29/2021	04/05/2022	–	–	–	210,000	Pledge of land use of Jiangyin Xurun; pledge of 34% equity interest in Jiangyin Xurun; guaranteed by Chuzhou Sanxun	N/A	Type 1
Total						300,416	731,427	791,261	1,014,434			

Notes:

(1) The guarantees by our Controlling Shareholders and/or their associates for the trust financing arrangements that had not been released as of the Latest Practicable Date will be released prior to the Listing.

(2) Financial Institution B had a registered capital of RMB1,339.0 million, and was indirectly owned by certain PRC governmental entities, certain state-owned enterprise, and certain individuals.

(3) Financial Institution C had a registered capital of RMB39,070.2 million, and was wholly owned by a company listed on the Stock Exchange.

(4) Financial Institution E had a registered capital of RMB7,000.0 million, and was indirectly owned by certain PRC governmental entities, a company listed on the Stock Exchange and certain individuals.

(5) Financial Institution F had a registered capital of RMB10.0 million, and was indirectly owned by certain individuals.

(6) Financial Institution G had a registered capital of RMB10.0 million, and was indirectly owned by certain individuals.

(7) Financial Institution H had a registered capital of RMB4,658.9 million, and is listed on the Stock Exchange.

(8) Financial Institution I had a registered capital of RMB1,000.0 million, and is indirectly owned by certain individuals.

(9) Financial Institution J had a registered capital of RMB3,964.0 million, and is listed on the Shenzhen Stock Exchange.

These trust companies, asset management companies and their financing vehicles we have cooperated with are reputable and well-established institutions in the PRC and are Independent Third Parties to us. We take into consideration various criteria when selecting the trust companies and asset management companies to cooperate with, including but not limited to, the principal amount of the loans, the term of the borrowing, the time required for approving the loans and the requirements for security funds.

The terms and covenants of our trust financing vary, largely depending on whether there is any equity interest held by us or our Controlling Shareholders that has been pledged or transferred to a financial institution. We are subject to certain restrictive covenants under such trust and asset management financing arrangements, including, among others, (1) the compliance with the use of proceeds and restrictions on pledged assets related to the borrowings; (2) limitations on our ability to subcontract, lease, merge, spinoff, reorganize, make investments, reduce our registered capital, transfer our equity property, substantially incur additional debt, incur or provide guarantees, engage in connected transactions with our Controlling Shareholders or other connected parties, file for dissolution, liquidation, deregistration or bankruptcy (all of which would require prior notice to and consent from relevant lenders); and (3) the requirement to set up escrow account to deposit dividends, repayment of shareholders' loans and other receivables and payables in the ordinary course of business.

Types of Our Trust and Asset Management Financing Arrangements

Our trust and asset management financing arrangements are broadly categorized into:

- *Type 1 arrangements* which have similar terms as bank borrowings and may involve a pledge of equity interests; or

- *Type 2 arrangements* which involve a transfer of equity interests to the trust financing provider or a subscription of registered capital by the financial institutions; we undertake to repurchase such equity interests at a pre-determined repurchase consideration or at a consideration calculated based on a pre-determined formula at the expiry of the terms of the respective financing arrangements.

The following table sets forth the aggregate principal balances of our trust financing borrowings by type as of the dates indicated:

	As of December 31, 2019		As of December 31, 2020		As of April 30, 2021	
	Number	*RMB'000*	*Number*	*RMB'000*	*Number*	*RMB'000*
Type 1	3	517,327	4	626,475	4	884,434
Type 2	2	214,100	1	164,786	1	130,000
Total trust and asset management financing borrowings	5	731,427	5	791,261	5	1,014,434

Our trust and asset management financing arrangements may also be secured by other assets, including pledges of land use rights and properties under construction of the relevant property projects and security pledge, or guaranteed by corporate guarantees or personal guarantees by our Controlling Shareholders. At maturity, and upon the satisfaction of the terms for repayment, the corresponding guarantees and project liens will be released in accordance with the relevant agreements and, as the case may be, the pledge of the equity interests in the relevant company is released and/or the equity interests in the relevant company is repurchased from the relevant entities provided in each of our trust financing arrangement. The interest rates of borrowings charged by trust companies were higher than banks. For Type 1 arrangements, the interest rates range from 9.0% with floating rate adjustment applied, and for Type 2 arrangements, the interest rates range from 11.5% to 16.0%. We believe these agreements we have entered into are in line with industry practice in the PRC.

Key terms of Type 1 arrangements

In Type 1 arrangements, the equity interests held by us or our Controlling Shareholders, as the case may be, in the relevant companies are pledged to the lenders. The lenders do not have the right to participate in these companies' board or shareholders' meetings or have veto rights in any form. In addition, we are generally not required to obtain the prior consent from the lenders in respect of operational activities during the ordinary course of business. Since under the terms of this type of borrowing arrangements, the lenders typically can only exercise ordinary creditors' rights and do not have veto rights relating to operational matters in the ordinary course of business of those relevant companies, we believe that such arrangements will not affect the control over such companies. The pledged interests will be released upon repayment of the principal of, and any other amount due under, such trust financing. Our financing arrangement with Wanxiang Trust is a type 1 arrangement.

Key terms of Type 2 arrangements

In Type 2 arrangements, where a portion of our equity interests in the borrowing project companies are transferred to, or subscribed by and issued to, the lenders, the legal terms are more complex. A summary of key terms is set forth below.

Control over the project companies

The financing providers are entitled to send officers from designated supervising organization to relevant subsidiaries to supervise the management of such subsidiaries. During the Track Record Period and up to the Latest Practicable Date, there had been no dissenting vote cast by any of the board representatives appointed by the financing providers in this type of arrangements. We retain the rights and control in respect of the day-to-day operation and management of our project companies and borrowing subsidiaries. The financing providers usually do not actively participate in the operation and management of the relevant project companies or borrowing subsidiaries. Under certain of our Type 2 agreements, we entered into strategic partnership relationship with the financing providers. During the Track Record Period and up to the Latest Practicable Date, none of the financing providers in this type of arrangements actively participated or intervened in the day-to-day operations and management of any of our project companies. Although we have legally transferred a portion of our equity interests in the borrowing project companies as collaterals to the lenders under Type 2 arrangements, we retain the rights and control to the day-to-day operation and management of our project companies and have undertaken to repurchase such equity interest at a pre-determined consideration, whereas the lenders have the rights to fixed income returns only and shall not intervene with the day-to-day operation and management of the relevant borrowing project companies. As stated in note (b) of Note 1 to the Accountants' Report, even though our equity interest in certain project companies were legally transferred to the lenders as collaterals under Type 2 Arrangements during the Track Record Period, the beneficial interests in such project companies are still considered attributable to our Group under the applicable accounting standards. Accordingly, the relevant lenders shall not be considered as connected persons notwithstanding its legal ownership in certain borrowing project companies under Type 2 arrangements for the purpose of the Listing Rules.

Veto right

Under certain of our Type 2 arrangements, the financing provider is entitled to veto right to certain matters relating to the relevant project company, including but not limited to the review and approval of its annual financial budget plans and development plans, any merger, investment, asset transfer or disposal, any distribution of dividends, any litigation and arbitration, loan or financing, providing pledge or guarantee that may materially affect the relevant trust fund's interests to recoup its fixed income return. In addition, we may not transfer the equity or control in the project company to any third party. Such veto rights were merely protective rights designed and effected to provide enhanced security to the financing provider in respect of our negative covenants given under the Type 2 arrangements that we may not operate our business in such a way that deviates materially from the pre-determined financial and operating policies. The financing provider confirmed that it would not exercise its veto rights and during the Track Record Period and up to the Latest Practicable Date, none of the board representatives of such financing provider has exercised its veto rights.

Security

As security for the performance of our project companies, we have in some cases provided guarantees, share pledges and/or fixed asset liens to the financing providers.

Mandatory early repurchase of equity interests

Under the terms of certain Type 2 agreements, the financing provider may have the right to request us to repurchase the equity interests immediately if the project company liquidates, transfers substantial portion of its assets, or that there are changes in the project company that make the current business operation hard to continue or any other matters that could materially affect our ability to repurchase such equity interests. Under certain Type 2 agreements, the financing provider has the right to request for early repurchase of the equity interests at an agreed price if the performance of the project company does not meet certain thresholds set out in the agreement.

Repayment

The terms of our trust financing arrangements range from one year to three years. We are obliged to make the full repayment of the loans under our trust financing arrangements in order to repurchase the equity interest from the relevant lenders and discharge the pledged land use rights and/or equity interests. If we fail to satisfy our repayment obligations on time, we will be subject to penalties for any late payment based on the calculation agreed in the relevant agreements, or we will be subject to enforcement actions against the security interest we have granted and could affect our ownership of our project companies. See "Risk Factors—Risks Relating to Our Business—We have incurred indebtedness and may incur additional indebtedness in the future, which may materially and adversely affect our financial condition and results of operations" in this prospectus. We expect that we will satisfy our repayment obligations under our trust financing arrangements by utilizing our internal resources. During the Track Record Period, we had not defaulted on any of our repayments or other obligations in any material respect under the trust financing arrangements.

Our PRC Legal Advisor is of the opinion that the entry into trust financing agreements detailed in this prospectus by our Group does not contravene any mandatory provision of applicable PRC laws and regulations, and the relevant agreements entered into by our Group under the trust financing arrangement are valid and binding on the signing parties.

The following table sets forth the number and proportion of directors appointed by the lenders in each of the project companies under Type 2 arrangements:

Item	Financial institution	Ref. no.[1]	Number of directors appointed by the lender	Proportion of directors appointed by the lender
1.	Financial Institution B	1, 3	Nil	Nil
2.	Financial Institution E	4	1	One third
3.	Financial Institution F	5	1	One third
4.	Financial Institution G	6	1	One third

Note:

(1) Reference No. refers to the item number used in the table of our outstanding trust financing agreements as disclosed under "—Indebtedness—Trust and asset management financing arrangements".

Other Financing Arrangements

In addition to the trust and asset management financing borrowings, we also entered into certain other financing arrangements with other financial partners who are Independent Third Parties to us. One of the financial partners, Bozhou Jiantou Real Estate Development Co., Ltd. (亳州建投房地產開發有限公司), is a minority shareholder of the borrowing project company; the remaining financial partners are the business partners of minority shareholders of the respective borrowing project companies. The two individuals from whom we incurred borrowings are the business partners of the minority shareholders of the respective borrowing project companies. As such, it was in the business interest of such financial partners and individuals to extend borrowings to us, so as to further the borrowing project companies' development plans. Save as otherwise disclosed in this prospectus and other than such financing relationship, these financial partners have no past or present relationship with us and our Shareholders, Directors, senior management, or any of their respective associates during the Track Record Period. The following table sets forth our outstanding other financing arrangements with companies and independent third party individuals as of the dates indicated:

						Principal balance as of	
Item	Financial source	Principal business of other financial partners	Effective interest rate	Effective date	Maturity date	December 31, 2020	April 30, 2021
						RMB'000	*RMB'000*
1.	Other Financial Partner A[(1)]	Real estate development, and urban infrastructure and public welfare facilities development	Tranche A: 12.0%	Tranche A: July 12, 2018	Tranche A: July 12, 2019, extended to January 12, 2020, and further extended to January 12, 2021	Tranche A: 8,971	Tranche A: –
				August 3, 2018	August 3, 2019, extended to February 3, 2020		
				September 20, 2018	September 20, 2019, extended to March 20, 2020		
				January 31, 2019	January 30, 2020		
				April 13, 2018	April 13, 2019, extended to April 13, 2020		
				October 24, 2018	October 22, 2019, extended to April 22, 2020		
				April 24, 2019	April 23, 2020		
				November 13, 2018	November 12, 2019, extended to May 12, 2021		
				December 6, 2018	December 4, 2019		
				June 8, 2018	December 8, 2019, and further extended to December 8, 2020		

Item	Financial source	Principal business of other financial partners	Effective interest rate	Effective date	Maturity date	Principal balance as of December 31, 2020	Principal balance as of April 30, 2021
						RMB'000	*RMB'000*
			Tranche B: 13.5%	Tranche B: August 24, 2018	Tranche B: August 24, 2019, extended to February 24, 2020	Tranche B: –	Tranche B: –
2.	Other Financial Partner B(2)	engineering	14%	July 23, 2019	July 23, 2020	–	–
			13.5%	December 28, 2020	February 1, 2022	20,000	86,000
3.	Other Financial Partner C(3)	Construction and engineering	14%	July 23, 2019	July 23, 2020	–	–
				September 30, 2019	September 30, 2020		
4.	Other Financial Partner D(4)	Extend loans to Anhui small loan companies, other enterprises and individuals	13%	July 23, 2019	July 23, 2020	–	–
			1st year 13% 2nd year 15%	September 16, 2019	September 15, 2021	–	–
5.	Other Financial Partner E(5)	Extend small loans, trust agency, and insurance agency	19.2%	November 1, 2019	November 1, 2020	–	–
6.	Individual A	A business partner of the minority shareholder of the borrowing project company	15.0%	December 29, 2017	December 29, 2018, extended to December 29, 2019, and further extended to December 28, 2020	–	–
7.	Individual B	A business partner of the minority shareholder of the borrowing project company	15.0%	December 29, 2017	December 29, 2018, extended to December 29, 2019, and further extended to December 28, 2020	–	–
				April 3, 2019	April 3, 2020		
8.	Other Financial Partner F(6)	Real estate development	first year 9.5% second and third year 9.85%	February 18, 2020	January 21, 2021, extended to January 2023	168,000	168,000
9.	Other Financial Partner G(7)	Agricultural information consulting and agricultural technical development	first year 13% second year 15%	October 11, 2019	October 10, 2021	–	–

Item	Financial source	Principal business of other financial partners	Effective interest rate	Effective date	Maturity date	Principal balance as of December 31, 2020	Principal balance as of April 30, 2021
						RMB'000	*RMB'000*
10.	Other Financial Partner H[8]	Financing and related consulting services	17%	October 28, 2020	October 27, 2021	30,000	–
				January 28, 2021	January 27, 2022	–	–
				April 14, 2021	April 13, 2022	–	25,000
11.	Other Financial Partner I[9]	Business and corporate management services	12.5%	November 4, 2020	June 30, 2021	170,000	170,000
Total						396,971	449,000

Notes:

(1) Other Financial Partner A had a registered capital of RMB337.0 million and was indirectly owned by certain PRC governmental entities.

(2) Other Financial Partner B had a registered capital of RMB10.0 million, and was directly owned by certain individuals.

(3) Other Financial Partner C had a registered capital of RMB10.0 million, and was directly owned by certain individuals.

(4) Other Financial Partner D had a registered capital of RMB2,000.0 million, and was indirectly owned by certain PRC governmental entities.

(5) Other Financial Partner E had a registered capital of RMB700.0 million, and was indirectly owned by a company listed on the Stock Exchange and certain other individuals and companies.

(6) Other Financial Partner F had a registered capital of RMB800.0 million, and was indirectly owned by certain companies listed on the Stock Exchange and certain other company.

(7) Other Financial Partner G had a registered capital of RMB5.0 million, and was directly owned by certain individuals.

(8) Other Financial Partner H had a registered capital of RMB700.0 million, and was indirectly owned by certain company listed on the Shanghai Stock Exchange and certain individuals.

(9) Other Financial Partner I had a registered capital of RMB10.0 million, and was indirectly owned by certain company listed on the Stock Exchange and certain other company.

Key terms of other financing arrangements

Under our other financing arrangements with individuals or companies other than trust financing or assets management companies, the lenders do not have the right to participate in these companies' board or shareholders' meetings or veto rights in any form. In addition, we are generally not required to obtain the prior consent from the lenders in respect of operational activities during the ordinary course of business. Under the terms of such financing arrangements, the lenders typically can only exercise ordinary creditors' rights and do not have veto rights relating to our operational matters in the ordinary course of business of those relevant companies. As such, we believe that such arrangements will not affect our control over these companies.

Under the General Lending Provisions (《貸款通則》), only financial institutions may legally engage in the business of extending loans, and loans between companies 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 loan advancing activities. However, pursuant 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 "**Provisions**") promulgated on June 23, 2015 and effective on September 1, 2015, loans among companies are valid if extended for purposes of financing production or business operations, except for circumstances resulting in a void contract stipulated in the Contract Law of the PRC and the Provisions. The PRC courts will also support a company's claim for interest in respect of such a loan as long as the annual interest rate does not exceed 24%.

Our PRC Legal Advisor is of the view that, given that our above-mentioned financing arrangements with Bozhou Jiantou Real Estate Development Co., Ltd. (亳州建投房地產開發有限公司) do not violate the applicable provisions of the Contract Law of the PRC (《中華人民共和國合同法》) or the Provisions, the risk of the PBOC imposing any penalty on us is low.

Except as disclosed above, as of December 31, 2020, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

Lease Liabilities

As of December 31, 2020, we had lease contracts of offices used in our operations. Leases of offices generally have lease terms between one to five years. The carrying amount of lease liabilities was RMB51.8 million as of December 31, 2020.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, we have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties and related parties as of December 31, 2020, being the date of our most recent financial statement, and up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,		
	2018	**2019**	**2020**
Current ratio *(times)*[(1)]	1.0	1.1	1.1
Net gearing ratio *(%)*[(2)]	Net cash	22.9	Net cash
Return on equity *(%)*[(3)]	8.9	44.9	23.8
Gross profit margin *(%)*[(4)]	28.6	31.5	27.0
Net profit margin *(%)*[(5)]	6.2	12.7	9.3
Interest coverage ratio *(times)*[(6)]	1.4	2.7	2.1
Gearing ratio *(%)*[(7)]	140.5	204.0	135.9

Notes:

(1) Equals current assets divided by current liabilities as of the end of the respective period.

(2) Equals total interest-bearing borrowings less cash and cash equivalents, restricted cash and pledged deposits divided by total equity as of the end of the respective period and multiplied by 100%.

(3) Equals net profit for the year divided by total equity at the end of the year and multiplied by 100%.

(4) Equals gross profit divided by total revenue for the respective period and multiplied by 100%.

(5) Equals net profit divided by total revenue for the respective period and multiplied by 100%.

(6) Profit for the year before income tax expenses, adding interest expenses, divided by interest expenses; interest expenses refer to the finance costs on our consolidated financial statement for the respective year with capitalized interest added back.

(7) Equals total borrowings divided by total equity as of the end of the respective period and multiplied by 100.

Current Ratio

Our current ratio remained relatively stable at 1.0, 1.1 and 1.1, respectively, as of December 31, 2018, 2019 and 2020.

Net Gearing Ratio

Our net gearing ratio increased from net cash position as of December 31, 2018 to 22.9% as of December 31, 2019, primarily due to an increase in total borrowings as a result of increase in number of our property projects, partially offset by increases in cash and cash equivalents, restricted cash and total equity. Our net gearing ratio decreased from 22.9% as of December 31, 2019 to net cash position as of December 31, 2020, primarily due to increase in cash and cash equivalents, restricted cash and total equity, partially offset by increase in total borrowings as a result of an increase in number of our property projects.

Return on Equity

Our return on equity was 8.9%, 44.9% and 23.8% as of December 31, 2018, 2019 and 2020, respectively. Our return on equity increased significantly to 44.9% as of December 31, 2019, primarily due to higher profits derived from more recognized GFA. Our return on equity decreased from 44.9% as of December 31, 2019 to 23.8% as of December 31, 2020, primarily due to the decrease in our net profit in 2020 as compared with 2019.

Gross Profit Margin

Our gross profit margins increased from 28.6% in 2018 to 31.5% in 2019. Our gross profit margin was 27.0% in 2020. The fluctuation of our gross profit was primarily due to the fluctuation of our GFA delivered. The fluctuation in our gross profit margins was primarily due to the variation of gross profit in different property projects, which was as a result of the selling prices, the construction and labor costs and the land use rights costs of our properties. Our gross margin increased to 31.5% in 2019 from 28.6% in 2018, primarily due to contributions from the completion and delivery of Chuzhou Joy Shire (British Mansion) (滁州和悦郡(英倫華第)) and Lixin British Mansion (利辛英倫華第) in 2019 which recorded comparatively higher gross profit margins. Our gross margin decreased to 27.0% in 2020 from 31.5% in 2019, primarily due to the comparatively low gross profit margins from certain projects newly delivered in 2020. See "—Description of Certain Major Components of Our Consolidated Statements of Profit or Loss and Other Comprehensive Income—Gross Profit and Gross Profit Margins" and "—Period to Period Comparison of Results of Operations—2019 Compared to 2018—Gross Profit and Gross Margin" and "—Period to Period Comparison of Results of Operations—2020 Compared to 2019—Gross Profit and Gross Margin" in this section.

Net Profit Margin

Our net profit margin was 6.2%, 12.7% and 9.3% in 2018, 2019 and 2020, respectively. The increase of our net profit margin to 6.2% in 2018 and further to 12.7% in 2019 was primarily due to the increase in net profit margin of projects delivered in these periods. For example, the higher net profit margin of Chuzhou Joy Shire (British Mansion) (滁州和悦郡(英倫華第)), Lixin British Mansion (利辛英倫華第) and Bozhou No. 1 Yard (亳州壹號院) resulted in the higher net profit margin in the first half of 2019. The decrease of our net profit margin to 9.3% in 2020 was primarily due to decrease in our gross profit margin and increase in our selling and marketing expenses as well as administrative expenses.

Interest Coverage Ratio

Our interest coverage ratio increased from 1.4 times as of December 31, 2018 to 2.7 times as of December 31, 2019, primarily due to our improved profitability. The increase indicated our improved ability to repay interest payments, which was primarily due to the increase in our net profit during these periods resulting from the significant increase in our revenue driven by an increase in the aggregate GFA delivered, as well as our enhanced efforts to manage our financial leverage. Our interest coverage ratio decreased to 2.1 times as of December 31, 2020, which was primarily attributable to a decrease in our gross profit margin for the same period and an increase in our administrative expenses and selling and marketing expenses.

Gearing Ratio

Our gearing ratio increased from 140.5% as of December 31, 2018, to 204.0% as of December 31, 2019, primarily due to increases in our total borrowings as a result of our increasing financing needs in line with our growing land acquisition and property development. Our gearing ratio decreased from 204.0% as of December 31, 2019 to 135.9% as of December 31, 2020, primarily because (i) the increase in equity outpaced the increase in borrowings; and (ii) our efforts to reduce our gearing ratio.

Financial Ratios under the Proposed PBOC Standard

Recently, news articles on the PBOC's plans to control the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers began to emerge. The table below sets forth the proposed limits on financial ratios for property developers, and our pro forma financial as of December 31, 2018, 2019 and 2020.

	Proposed PBOC standards	Pro forma ratios of our Group as of December 31,[4]		
		2018	2019	2020
Liability asset ratio[1]	=<70%	80.8%	85.1%	79.4%
net gearing ratio[2]	=<100%	–24.0%	22.9%	–9.4%
cash to short-term borrowing ratio[3]	>=1.0	1.2	1.8	2.1

Notes:

(1) Calculated as total liabilities less contract liabilities divided by total assets less contract liabilities.

(2) Calculated as total interest-bearing liabilities less cash and bank balances divided by total equity.

(3) Calculated as cash and bank balances divided by short-term interest bearing liabilities.

(4) Calculation of the three financial ratios under the proposed PBOC standards takes into account our Group's total interest-bearing borrowings.

Pursuant to the proposed PBOC standards, the PBOC will instruct banks directly to restrict the amount of borrowings extended to a property developer, if such property developer fails to comply with one or more of the proposed three limits on financial ratios. The table below sets forth the proposed limits on a property developer's ability to increase its interest-bearing liabilities depending on its status of compliance with the proposed limits on financial ratios.

Status of compliance with the proposed limits on financial ratios	Proposed limits on increases in interest-bearing liabilities
Compliance with all three of the limits on financial ratios	Size of interest-bearing liabilities shall increase by less than 15% annually
Compliance with two of the three limits on financial ratios	Size of interest-bearing liabilities shall increase by less than 10% annually
Compliance with one of the three limits on financial ratios	Size of interest-bearing liabilities shall increase by less than 5% annually
Failure to comply with any one of the three limits on financial ratios	Size of interest-bearing liabilities shall not increase at all

In August 2020, according to certain news articles, a forum was held among the MOHURD, the PBOC and certain property developers to discuss long-term mechanisms for the real estate sector in China, which indicated that relevant regulations and policies governing the external financing of property developers in China have been formed. However, as of the Latest Practicable Date, there were no official announcements regarding new regulations or rules after the forum was held. As such, the above-mentioned standard proposed by the PBOC has not come into effect. We will continue to monitor the relevant regulatory updates to ensure our compliance in this regard. In the event that the above-mentioned standard mentioned in the news articles comes into effect, we may fail to comply with one of the above-mentioned three limits and increases in the size of our interest-bearing debts would be limited to 10.0% annually.

Because our loans are on a revolving basis, we can incur new borrowings without increasing the size of the aggregate borrowings, and as a result we believe our Group would not be prohibited from obtaining additional financing. In addition, the three limits would not affect the use of proceeds from this Global Offering. The three limits would also not affect our ability to carry out our existing property development constructions, conduct property sales and generate cash from property sales. However, if the PBOC standard as reported in certain news articles were to become effective, and we were to be prohibited from increasing the aggregate size of interest-bearing liabilities by more than 10% annually if we failed to comply with one of the abovementioned three limits, we may not be able to draw down on credit facilities before we repay existing debts, and may need to slow down our land acquisition activities to ensure we would have sufficient cash to complete the existing property projects. Based on the above, we expect that the PBOC standard as reported in certain news articles would hinder our business growth only if (i) such standard were to become effective on us; and (ii) our above-mentioned financial ratios remain beyond the acceptable PBOC standard as reported in the news articles in the future.

Going forward, we plan to adopt the following strategies to improve our performance in relation to financing related ratios, such as liability asset ratio, net gearing ratio and cash to short-term borrowing ratio: (i) increasing our working capital by increasing our profit from our business operations; (ii) increasing our equity through the Global Offering; (iii) introducing minority shareholders to increase the size of our total equity, (iv) collaborating with third-party financial institutions to enter into long-term financing arrangements instead of short-term financing arrangements; (v) strictly monitoring our use of cash during business operations to control costs; and (vi) enhancing our collection efforts to improve cash flows.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

We are, in the ordinary course of our business, exposed to various risks, including interest rate risk, credit risk and liquidity risk. We have developed conservative strategies on our risk management. To keep our exposure to these risks to a minimum, we have not used any derivatives and other instruments for hedging purposes or issued derivative financial instruments for trading purposes.

Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates. Our exposure to changes in market interest rates is mainly attributable to our interest-bearing loans and other borrowings. We have not used derivative financial instruments to hedge interest rate risk, and obtained all bank borrowings and other borrowings with fixed rates. Our Directors do not anticipate significant impacts to interest-bearing assets resulting from the changes in interest rates, because the interest rates of cash equivalents are not expected to change significantly.

If the interest rate of loans and other borrowings had increased/decreased by 1% and all other variables held constant, the profit before tax of our Group, through the impact on borrowings, would have decreased/increased by approximately RMB270,196, RMB75,049 and RMB115,664, for the years ended December 31, 2018, 2019 and 2020, respectively.

Credit Risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. We have no significant concentrations of credit risk in view of our large number of customers. The credit risk of our other financial assets, which mainly comprise restricted cash, pledged deposits, cash and cash equivalents, financial assets included in prepayments, other receivables and other assets, amount due from a shareholder, and amounts due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Directors do not expect any material losses from non-performance of these counterparties.

Liquidity Risk

Our objective is to maintain a balance between continually of funding and flexibility through the use of interest-bearing loans and other borrowings. We review our cash flows on an ongoing basis. The maturity profile of our financial liabilities as of the end of the relevant period, based on contractual undiscounted payments, is as follows:

	Less than 3 months	3 to 12 months	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2020				
Interest-bearing bank and other borrowings	230,719	978,193	1,080,667	2,289,579
Trade and bills payables	346,957	1,082,844	–	1,429,801
Lease liabilities	3,899	8,924	39,025	51,848
Financial liabilities included in other payables and accruals	505,201	1,332,808	–	1,838,009
	1,086,776	3,402,769	1,119,692	5,609,237
December 31, 2019				
Interest-bearing loans and other borrowings	179,392	712,012	1,110,979	2,002,383
Trade and bills payables	302,050	899,549	–	1,201,600
Lease liabilities	683	2,987	2,429	6,099
Financial liabilities included in other payables and accruals	482,334	1,195,254	–	1,677,588
Due to related parties	–	–	39,256	39,256
	964,459	2,809,803	1,152,664	4,926,926
December 31, 2018				
Interest-bearing loans and other borrowings	219,011	517,244	–	736,255
Trade and bills payables	158,431	494,410	–	652,841
Financial liabilities included in other payables and accruals	76,166	560,220	–	636,386
Due to related parties	–	4,443	–	4,443
	453,608	1,576,317	–	2,029,925

DISTRIBUTABLE RESERVES

Under PRC laws, distributable reserves consist of net profit calculated according to PRC accounting principles, which, in many aspects, differs from the generally accepted accounting principles in other jurisdictions, including IFRS. In addition, PRC laws and regulations also require a PRC-incorporated enterprise to set aside at least 10% of its after-tax profits calculated based on PRC accounting standards each year, if any, to fund certain statutory reserves, which may not be distributed as cash dividends (when the statutory reserve reaches and is maintained at or above 50% of their registered capital, no further allocations to this statutory reserve will be required). These statutory reserves are not available for distribution as cash dividends.

As of December 31, 2020, our Group had retained profits of RMB816.5 million which would be available for distribution to the Shareholders of our Company after appropriation for statutory reserves.

SENSITIVITY ANALYSIS OF HISTORICAL RESULTS

For illustrative purposes only, the following table demonstrates the sensitivity analysis of our profit before tax during the Track Record Period to hypothetical changes in cost of sales, average selling price, construction and labor costs and land cost:

Hypothetical Changes in Cost of Sales

	Profit before tax					
	For the year ended December 31,					
Hypothetical changes in cost of sales	2018		2019		2020	
	(RMB'000, except percentages)					
5%	61,950.0	(29.4)%	576,138.0	(15.6)%	499,237.2	(22.4)%
(5)%	113,657.6	29.4%	789,149.0	15.6%	787,341.1	22.4%

Hypothetical Changes in ASP

	Profit before tax					
	For the year ended December 31,					
Hypothetical changes in ASP	2018		2019		2020	
	(RMB'000, except percentages)					
5%	123,999.5	41.2%	838,079.8	22.8%	840,593.7	30.7%
(5)%	51,608.1	(41.2)%	527,207.2	(22.8)%	445,984.6	(30.7)%

Hypothetical Changes in Construction and Labor Costs

	Profit before tax					
	For the year ended December 31,					
Hypothetical changes in construction and labor costs	2018		2019		2020	
	(RMB'000, except percentages)					
5%	68,939.6	(21.5)%	621,644.6	(8.9)%	588,183.6	(8.6)%
(5)%	106,668.0	21.5%	743,642.4	8.9%	698,394.7	8.6%

Hypothetical Changes in Land Use Rights Cost

	Profit before tax					
	For the year ended December 31,					
Hypothetical changes in land use rights cost	2018		2019		2020	
	(RMB'000, except percentages)					
5%	80,660.9	(8.1)%	646,816.9	(5.2)%	564,251.8	(12.3)%
(5)%	94,946.6	8.1%	718,470.1	5.2%	722,326.6	12.3%

DIVIDEND

We may distribute dividends by way of cash, stock or other means that we consider appropriate. Our Company has not declared dividends in the past. We do not currently have any dividend policy or plans. Our Board has absolute discretion as to whether to declare any dividend for any year and in what amount. The amount of dividends to be distributed to our Shareholders, if any, will depend upon our earnings, financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. A decision to declare and pay any dividends would require the approval of the Shareholders' meeting. In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or by contracts or agreements that we may enter into in the future. Dividends may be paid only out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such portion of profits may not be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set forth in any plan to our Board or at all. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

LISTING EXPENSES

The listing expenses in connection with the Global Offering consist primarily of underwriting commissions and professional fees. During the Track Record Period, we incurred listing expenses of approximately RMB29.6 million, of which RMB2.8 million, RMB12.7 million and RMB5.2 million were charged to our administrative expenses for the years ended December 31, 2018, 2019 and 2020, and RMB8.8 million is expected to be accounted for as a deduction from equity upon completion of the Listing. We currently expect to incur further expenses amounting to RMB37.5 million subsequent to the end of the Track Record Period, of which RMB11.7 million will be charged to our income statement and RMB25.8 million will be charged to our equity. We currently estimate that listing expenses incurred and to be incurred will account for approximately 11.5% of the gross proceeds from the Global Offering, assuming the mid-point Offer Price and no Over-allotment Option is exercised. The above estimation have taken into account underwriting commissions for both the Hong Kong Public Offering and the International Offering. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2021.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purpose only, the following statement of unaudited pro forma adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is prepared to show the effect on the combined net tangible assets of our Group as of December 31, 2020 as if the Global Offering had occurred on December 31, 2020 and is based on the consolidated net assets derived from the reviewed financial information of our Group as of December 31, 2020, as set out in the Accountants' Report in Appendix I to this prospectus and adjusted as follows:

	Consolidated Net Tangible Assets of our Group as of December 31, 2020[(1)]	Estimated Net Proceeds from the Global Offering[(2)]	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets of our Group	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets per Share[(3)(4)]	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$3.30 per Share	947,759	390,305	1,338,064	2.03	2.44
Based on an Offer Price of HK$5.20 per Share	947,759	641,836	1,589,595	2.41	2.90

Notes:

(1) The consolidated net tangible assets attributable to owners of our Company as of December 31, 2020 is extracted from the Accountants' Report, which is based on the reviewed consolidated equity attributable to owners of our Company as of December 31, 2020 of approximately RMB947.8 million.

(2) The estimated net proceeds from the Global Offering are based on the Offer Prices of HK$3.30 per Share or HK$5.20 per Share, after deduction of the underwriting fees and other related expenses payable by our Company and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.0 to RMB0.8315.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 660,000,000 Shares in issue immediately following the completion of the Global Offering and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.0 to RMB0.8315.

RELATED PARTY TRANSACTIONS

The related party transactions during the Track Record Period are as set forth in Note 34 to the Accountants' Report in Appendix I. During the Track Record Period, aside from Hefei Liangjin, which is an associate of ours, there had been no sharing of resources between our related parties and us. During the Track Record Period, our related party transactions are on normal commercial terms.

During the Track Record Period, our balances due from related parties included the following: (i) As of December 31, 2018, 2019 and 2020, we recorded outstanding balances due from our Controlling Shareholder, Mr. Qian, of RMB4.1 million, nil and nil, respectively, which were non-trade in nature. Such amounts due from Mr. Qian accrued were primarily used for his own investment purposes primarily involving investments in wealth management products, and were made prior to our plan for the Listing. As of September 30, 2019, all amounts due from Mr. Qian had been settled, and we do not intend to enter into similar related party transactions with Mr. Qian in the future; (ii) As of December 31, 2018, 2019 and 2020, we recorded outstanding balances due from our key management personnel of RMB0.9 million, nil and nil, respectively, representing interest free personal loan we provided to such key management for their personal purposes as part of our employee benefits, which were non-trade in nature. The loans had been fully settled as of December 31, 2019. No written agreements were entered into with respect to such loans and no detailed terms, other than the principal amount of the loan and the date of repayment, were discussed or available. Such personal loans to employees were one-off, granted on a case-by-case basis, and were not embedded in the employment contract as a stipulated benefit to the relevant employees. Generally, our corporate policies require that borrowings from our Company shall be for business purposes only. As such, to further enhance internal control and strictly enforce corporate policies, we ceased to provide such personal loans to employees commencing from September 30, 2019. As such, we do not believe that any contractual dispute would arise from the cessation of granting personal loans to employees; (iii) As of December 31, 2018, 2019 and 2020, we recorded outstanding balances due from companies controlled by our Controlling Shareholder of RMB173.8 million, nil and nil, respectively, which were non-trade in nature advances to such related parties accrued before the Reorganization for their business purposes, and outstanding balances which were trade in nature due from related companies of nil, nil and nil, respectively. Among such, our subsidiary Bozhou Sanxun made advances to its shareholders/related parties in an aggregate amount of approximately RMB150.0 million prior to the commencement of pre-sale of the relevant project using loan proceeds obtained from a financial institution. It was a permitted use pursuant to the relevant loan agreement for Bozhou Sanxun to apply such loan proceeds as advances to shareholders/related parties, and the advances to shareholders/related parties were for the purpose of repayments of advances from such shareholders/related parties. Such advances from shareholders/related parties were intended for, and applied by Bozhou Sanxun to, land acquisition and other daily operations for the relevant project. Such amounts had been fully settled as of September 2019 and we do not plan to engage in such practice in the future; and (iv) as of December 31, 2018, 2019 and 2020, we recorded outstanding balances due from associates of nil, RMB51.4 million and RMB40.4 million, respectively, which were non-trade in nature primarily related to our advances to Hefei Liangjin, one of our associates, in consideration of the land acquisition premiums prepaid by such external shareholder on behalf of Hefei Liangjin for the purpose of a potential property project in which we hold a 17% interest. Advances made in relation to Hefei Liangjin existed as of December 31, 2020 had been settled in an aggregate amount of RMB4.0 million as of April 30, 2021, and will be settled in full upon final settlement of the relevant project. Amounts due from related parties were advanced from our Group's general corporate accounts, which did not include any key escrow funds in escrow accounts. The applicable PRC laws and regulations require property developers to apply key escrow funds to the construction of the relevant property development projects and other permitted purposes, and generally do not specify or restrict the use of general escrow funds, as long as the relevant project company maintains sufficient balance for project development. During the Track Record Period, the relevant project companies used funds in the general corporate accounts for the development of relevant property projects and other purposes, including disbursements to related parties. Based on confirmations issued by the competent local authorities, our PRC Legal Advisors are of the view that our project companies' use of general escrow funds was complied with applicable PRC laws and regulations on pre-sale proceeds in all material aspects during the Track Record Period.

As of December 31, 2018, 2019 and 2020, we recorded outstanding balances due to related parties of RMB4.4 million, nil and RMB3.7 million, respectively, among which, RMB2.0 million, nil and nil, respectively, were non-trade in nature while RMB2.5 million, nil and RMB3.7 million, respectively, were trade in nature. As of April 30, 2021, we settled approximately RMB1.7 million of our amounts due to related parties existed as of December 31, 2020. As of December 31, 2018, 2019 and 2020, we recorded outstanding loan from a related party of nil, RMB39.3 million and nil, respectively. Such loan from a related party is non-trade in nature to support the business operation of our Company, and was fully settled as of December 31, 2020.

The following table sets forth the background of each of the counter-parties for our amounts due from related parties during the Track Record Period:

Item	Company	Principal Business	Registered Capital	Ultimate Beneficial Owner	Board of Director and Manager
1.	Anhui Sanxun Investment	Investment holdings	RMB100 million	84% by Mr. Qian, 8% by Mr. Qian Bing, and 8% by Ms. An	Director and manager: Mr. Qian(1)
2.	Anhui Jiudong Construction Co., Ltd. (安徽久棟建設有限公司)	Construction and engineering	RMB8 million	80% by Mr. Lu Zhen and 20% by Ms. Shi Xiaoli	Director: Ms. Shi Xiaoli; Manager: Mr. Zhu Peijun

Item	Company	Principal Business	Registered Capital	Ultimate Beneficial Owner	Board of Director and Manager
3.	Anhui Qiaoyi Garden Construction Co., Ltd. (安徽喬藝園林景觀建設有限公司)	Provisions of landscape architecture services	RMB5 million	Directly owned by certain individuals on trust for the benefit of Mr. Qian	Director and manager: Ms. Shi Xiaoli
4.	Bozhou Jiaxin Real Estate Co., Ltd. (亳州市嘉信置業有限公司), currently known as Bozhou Jiuxun Enterprise Management Co., Ltd. (亳州市久巽企業管理有限公司)	Commercial operational services	RMB12.9 million	Anhui Sanxun Investment (which is owned as to 84% by Mr. Qian, 8% by Mr. Qian Bing, and 8% by Ms. An)	Director and manager: Ms. Shi Xiaoli
5.	Chuzhou Jiaxin Real Estate Co., Ltd. (滁州市嘉信置業有限公司), currently known as Chuzhou Sanxun Enterprise Management Co., Ltd. (滁州三巽企業管理有限公司)	Commercial operational services	RMB50 million	86% by Anhui Sanxun Investment (which is owned as to 84% by Mr. Qian, 8% by Mr. Qian Bing, and 8% by Ms. An) and 14% by Bozhou Jiayuan Enterprise Management Co., Ltd. (亳州市家園企業管理有限公司) (which is indirectly wholly owned by Anhui Sanxun Investment)	Director: Mr. Chen Baolin(2); Manager: Mr. Wang Zizhong
6.	Hefei Liangjin Corporate Management and Advisory Co., Ltd (合肥梁錦企業管理咨詢有限公司)	Property development	RMB200 million	33% by Anhui Kunkui Enterprise Management Consulting Co., Ltd. (安徽琨奎企業管理諮詢有限公司) (an Independent Third Party), 33% by Hefei Rongguan Real Estate Development Co., Ltd. (合肥榮冠置業發展有限公司) (an Independent Third Party); 17.34% by 合肥誠巽置業有限公司 (Hefei Chengxun Real Estate Co., Ltd.), a wholly-owned subsidiary of our Company, and 16.66% by Hefei Rongque Real Estate Development Co., Ltd. (合肥融闕房地產開發有限公司) (an Independent Third Party)	Director: Mr. Jin Fuyong (金富永), Mr. Wen Caixia (溫彩俠), Mr. Zhang Xiaohui (章曉輝)(3), Mr. Zhao Dapeng (趙大鵬), Mr. Qian Lei (錢磊), Mr. Zou Hongtao (鄒洪濤), Mr. Li Yuwei (李玉偉) Manager: Mr. Gao Wei (高偉)

Notes:

(1) Mr. Qian, being an executive Director and Controlling Shareholder, is a director of Anhui Sanxun Investment. Despite the overlapping role assumed by Mr. Qian, when performing his duties in each of our Group and Anhui Sanxun Investment, he has been and will continue to be supported by the separate and independent board and senior management team of each of our Group and Anhui Sanxun Investment.

(2) Mr. Chen Baolin, being a member of the senior management of our Group, is a director of Chuzhou Sanxun Enterprise Management Co., Ltd. (滁州三巽企業管理有限公司), which was under construction in 2009 and 2010, and ceased to carry out substantive business since 2016. As Chuzhou Sanxun Enterprise Management Co., Ltd. does not carry out any substantive business, our Directors consider that such arrangement will not affect the discharge of Mr. Chen Baolin's duties and responsibilities to our Group.

(3) Mr. Zhang Xiaohui, being an executive Director, is a director of Hefei Liangjin Corporate Management and Advisory (合肥梁錦企業管理諮詢有限公司), in which invested in July 2020, for details, please see "Waivers from Strict Compliance Listing Rules—Equity Interests Acquired after." Mr. Zhang Xiaohui is also the general partner of Hefei Xunchuang Management Partnership (合肥巽創企業管理合夥企業(有限合夥)). As the principal activity of Hefei Xunchuang Management Partnership is investment holding, our Directors consider that such arrangement will not affect the discharge Zhang's duties and responsibilities to our Group.

The following table sets forth the background of each of the counter-parties for our amounts due to related parties of our Group during the Track Record Period:

Item	Company	Principal Business	Registered Capital	Ultimate Beneficial Owner	Board of Director and Manager
1.	Anhui Sanxun Properties Management Co., Ltd. (安徽三巽物業管理有限公司)	Provision of property management services	RMB5 million	95% by Anhui Sanxun Investment (which is owned as to 84% by Mr. Qian, 8% by Mr. Qian Bing, and 8% by Ms. An) and 5% by Ms. An	Director: Ms. Jia Jinhui; Manager: Ms. Li Fengxia
2.	Anhui Sanxun Investment	Investment holdings	RMB100 million	84% by Mr. Qian, 8% by Mr. Qian Bing and 8% by Ms. An	Director and manager: Mr. Qian(1)
3.	Bozhou Jiayuan Real Estate Co., Ltd. (亳州家園房地產開發有限公司), currently known as Bozhou Jiayuan Enterprise Management Co., Ltd. (亳州市家園企業管理有限公司)	Commercial operational services	RMB8 million	Indirectly wholly owned by Anhui Sanxun Investment (which is owned as to 84% by Mr. Qian, 8% by Mr. Qian Bing, and 8% by Ms. An)	Director and manager: Ms. Shi Xiaoli

Item	Company	Principal Business	Registered Capital	Ultimate Beneficial Owner	Board of Director and Manager
4.	Hefei Xunchuang Management Partnership (合肥巽創企業管理合夥企業(有限合夥))	Investment holdings	RMB825,000	54.5% by Mr. Zhang Xiaohui and 45.5% by Mr. Chen Baolin	General partner: Mr. Zhang Xiaohui(2)
5.	Bozhou Jiaxin Real Estate Co., Ltd. (亳州市嘉信置業有限公司), currently known as Bozhou Jiuxun Enterprise Management Co., Ltd. (亳州市久巽企業管理有限公司)	Commercial operational services	RMB12.9 million	Anhui Sanxun Investment (which is owned as to 84% by Mr. Qian, 8% by Mr. Qian Bing, and 8% by Ms. An)	Director and manager: Ms. Shi Xiaoli
6.	Anhui Qiaoyi Garden Construction Co., Ltd. (安徽喬藝園林景觀建設有限公司)	Provision of landscape architecture services	RMB5 million	Directly owned by certain individuals on trust for the benefit of Mr. Qian	Director and manager: Ms. Shi Xiaoli
7.	Pingxiang Zhengze Real Estate Information Consulting Partnership (萍鄉正澤房地產信息諮詢合夥企業(有限合夥))	Real estate marketing and consulting	RMB20 million	99% by Mr. Qian and 1% by an Independent Third Party	General partner: Ms. Shi Xiaomin

Notes:

(1) Mr. Qian, being an executive Director and Controlling Shareholder, is a director of Anhui Sanxun Investment. Despite the overlapping role assumed by Mr. Qian, when performing his duties in each of our Group and Anhui Sanxun Investment, he has been and will continue to be supported by the separate and independent board and senior management team of each of our Group and Anhui Sanxun Investment.

(2) Mr. Zhang Xiaohui, being an executive Director, is a director of Hefei Liangjin Corporate Management and Advisory (合肥梁錦企業管理諮詢有限公司), in which invested in July 2020, for details, please see "Waivers from Strict Compliance Listing Rules—Equity Interests Acquired after." Mr. Zhang Xiaohui is also the general partner of Hefei Xunchuang Management Partnership (合肥巽創企業管理合夥企業(有限合夥)). As the principal activity of Hefei Xunchuang Management Partnership is investment holding, our Directors consider that such arrangement will not affect the discharge Zhang's duties and responsibilities to our Group.

As advised by our PRC Legal Advisor, our advances to related parties that are non-trade in nature are valid private loans and in compliance with all applicable PRC laws and regulations. Further, according to the General Lending Provisions (the "**General Lending Provisions**") (《貸款通則》) promulgated by the PBOC, a loan means a currency fund provided by a lender to a borrower and both the principal amount and interests shall be paid back, according to the interest rate and duration agreed. Enterprises are prohibited from engaging in borrowing and lending or borrowing and lending in a disguised manner in violation of laws and regulations. If enterprises engage in borrowing and lending or borrowing and lending in a disguised manner without authorization, the PBOC may impose a fine on the lending party in an amount equal to one to five times of the illegal proceeds generated from the lending activity, and concurrently, invalidate such lending activity. All of our advances to such third parties were non-interest-bearing during the Track Record Period, and therefore the capital lent out did not constitute currency funds bearing interest. 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》), for private lending contracts concluded between legal persons or other social organizations and between legal persons and other social organizations for the need of production and operation, except for the existence of the circumstances stipulated in Article 52 of the Contract Law and Article 14 of the Provisions, where the parties concerned claim that the private lending contract is effective, the people's court shall uphold such claim. In addition, pursuant to the Supreme People's Court's Reply to Reporters' Questions in relation to the Provisions (《最高人民法院負責人就〈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〉答記者問》), the General Lending Provisions are department rules rather than compulsory laws or administrative regulations. The Property Rights Law of the PRC (《中華人民共和國物權法》) and the Contract Law pre-empt the General Lending Provisions. A contract can only be invalidated by laws or regulations in accordance with the Contract Law. The Property Rights Law with effect on 1 October 2007 states that property right holders have the right to freely dispose of their properties (including monetary funds) in accordance with the law. As such, our PRC Legal Advisor is of the view that our advances to related parties that were non-trade in nature during the Track Record Period were valid private loans and in compliance with all applicable laws and regulations.

As of the Latest Practicable Date, we had not received any notice of claim or penalty relating to the loans. We are advised by our PRC Legal Advisor that under normal circumstances, the possibility that the PBOC would impose a penalty on the companies in respect of the intra-group financing arrangement pursuant to the General Lending Provisions is low based on the following factors: (i) as confirmed by the Directors, all the advances to and from our related parties are for the purposes of business operations and are interest-free and (ii) neither we nor our related parties are professional lenders (專業放貸人).

Certain of the Group's bank and other borrowings are guaranteed by related parties at the end of each of the Relevant Periods:

	December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Anhui Sanxun Investment Group Co., Ltd.	358,416	685,327	182,644
Mr. Qian Kun and his spouse, Ms. An Juan	358,416	611,327	803,244

The board of directors of our Company confirmed that all guarantees provided by the related parties will be fully released before the Listing.

PROPERTY INTERESTS AND PROPERTY VALUATION

JLL, an independent property valuer, has valued our property interests as of April 30, 2021 and is of the opinion that the aggregate value of our property interests as of such date was RMB16,264.4 million. The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in Appendix III to this prospectus.

A reconciliation of the net book value of our properties as of December 31, 2020 as set out in "Accountants' Report" in Appendix I to their fair value as of April 30, 2021 as stated in the property valuation report set out in "Property Valuation Report" in Appendix III is set out below:

	RMB'000
Net book value of the following assets of our Group as of December 31, 2020	
– Properties under development	11,656,637
– Completed properties held for sale	540,891
Addition	1,413,861
Less: sales of complete properties held for sale	310,561
Net book value of the following assets as of April 30, 2021	13,300,828
Valuation surplus, before tax	2,963,572
Valuation of properties of our Group as of April 30, 2021 set out in the Property Valuation Report in Appendix III	16,264,400

SUBSEQUENT EVENT

There has been no material subsequent event undertaken by our Group after December 31, 2020, being the date on which our latest audited consolidated financial statements were prepared, up to the date of this prospectus.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2020, being the date on which our latest audited consolidated financial statements were prepared.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

OVERVIEW

Immediately upon completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), Mr. Qian will, through his holding company Q Kun, be interested in 59.85% of our Shares, while his spouse Ms. An will, through her holding company Juan L, be interested in 5.7% of our Shares. Mr. Qian and Ms. An by virtue of their spousal relationship will, together with their holding companies, be deemed to be entitled to exercise in general meetings voting rights attached to Shares representing approximately 65.55% of the issued share capital of our Company. Accordingly, Mr. Qian, Ms. An, Q Kun and Juan L are a group of Controlling Shareholders.

None of our Controlling Shareholders is interested in any business which is, whether directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Deed of Non-Competition in favor of our Company to the effect that each of them will not, and will procure each of their respective close associates (other than members of our Group) not to, directly or indirectly, participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our business.

DELINEATION OF BUSINESS

Business of our Group

The core business of our Group focuses on the development and sales of residential properties. Apart from our business, none of our Controlling Shareholders have any interest in a business which competes with, or is likely to compete with our business, whether directly or indirectly, or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

Businesses of our Controlling Shareholders not included in our Group

In addition to the interests in our Group, our Controlling Shareholders are interested in the following businesses:

- Sanxun Properties Management Co., Ltd. (安徽三巽物業管理有限公司) ("**Sanxun Properties Management**"), a limited company established under the laws of the PRC and held as to 95% by Anhui Sanxun Investment (a limited company established under the laws of the PRC held as to 84% by Mr. Qian, 8% by Ms. An and 8% by Mr. Qian Bing, the father of Mr. Qian) and 5% by Ms. An. During the Track Record Period and up to the Latest Practicable Date, Sanxun Properties Management was engaged in the provision of property management services to our Group and the property owners of properties developed by us.

According to the management accounts of Sanxun Properties Management, its revenue for the years ended December 31, 2018, 2019 and 2020 was approximately RMB13.2 million, RMB17.9 million and RMB23.6 million, respectively, and its net profit for the same periods was approximately RMB0.6 million, RMB0.5 million and RMB0.7 million, respectively. To the best of the knowledge of our Directors, Sanxun Properties Management had no material non-compliance and had not been involved in any actual or threatened material claims, litigation or legal proceedings during the Track Record Period and up to the Latest Practicable Date.

- Anhui Qiaoyi Garden Construction Co., Ltd. (安徽喬藝園林景觀建設有限公司) ("**Anhui Qiaoyi**"), a limited company established under the laws of the PRC and beneficially wholly owned by Mr. Qian. During the Track Record Period and up to the Latest Practicable Date, Anhui Qiaoyi was engaged in the provision of landscape architecture services, including landscape design and planning, construction, gardening and maintenance, solely to our Group.

  According to the management accounts of Anhui Qiaoyi, its revenue for the years ended December 31, 2018, 2019 and 2020 was approximately RMB21.3 million, RMB74.9 million and RMB78.7 million, respectively, and its net (loss)/profit for the same periods was approximately RMB(0.3) million, RMB4.9 million and RMB5.1 million, respectively. To the best of the knowledge of our Directors, Anhui Qiaoyi had no material non-compliance and had not been involved in any actual or threatened material claims, litigation or legal proceedings during the Track Record Period and up to the Latest Practicable Date.

Given that (i) our Group would like to focus on our core business of property development; (ii) the businesses of Sanxun Properties Management and Anhui Qiaoyi are separate and distinct from the business of our Group and not in line with the business focus and strategies of our Group; (iii) neither the business of Sanxun Properties Management nor Anhui Qiaoyi had given or would likely to give rise to any direct or indirect competition with the business of our Group; and (iv) save for the relevant continuing connected transactions described in "Connected Transactions" of this prospectus, each of Sanxun Properties Management and Anhui Qiaoyi operates independently from our Group. Therefore Sanxun Properties Management and Anhui Qiaoyi were not included as part of our Group in light of their differences in business nature and scope. During the Track Record Period, our Group had neither shared any resources with Sanxun Properties Management nor Anhui Qiaoyi which would require to be recharged to our Group. Our Directors are of the view that it is desirable and beneficial to our Group not to include Sanxun Properties Management and Anhui Qiaoyi, as it would enable our Group to concentrate its financial resources and management efforts on its core business of property development with a view to streamlining the business structure of our Group.

In addition to the above businesses, our Controlling Shareholders are also indirectly interested in other businesses, including hotel management and commercial operational services as well as other investment holdings, through Anhui Sanxun Investment and Shanghai Sanxun Investment Co., Ltd. (上海三巽投資有限公司). Such businesses and holdings are distinct from and do not overlap with the business of our Group.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective associates (other than our Group) after Listing for the following reasons:

Management Independence

Our Board comprises four executive Directors and three independent non-executive Directors. Other than Mr. Qian, none of our Directors nor members of our senior management holds any directorship in our Controlling Shareholders or their close associates. Mr. Qian is the director of Anhui Sanxun Investment. Despite the overlapping role assumed by Mr. Qian, when performing his duties in each of our Group and Anhui Sanxun Investment, he has been and will continue to be supported by the separate and independent board and senior management team of each of our Group and Anhui Sanxun Investment.

Each of the Directors is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and any of the Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meeting of our Company in respect of such transactions and his/her attendance shall not be counted toward the quorum for such meeting. In addition, we have an independent senior management team to carry out the business operation of our Group independently from our Controlling Shareholders.

Operational Independence

We operate independently from our Controlling Shareholders and their respective close associates after Listing for the following reasons:

(i) we hold or enjoy the benefit of all relevant licenses necessary to operate our business;

(ii) we have independent management team to engage in our business;

(iii) we can make decisions and carry out our own business operations independently;

(iv) we have our own organizational structure and departments independent from our Controlling Shareholders;

(v) we have established a set of internal control procedures to facilitate the effective operation of our business;

(vi) we own or have the right to use all the properties material to our operation; and

(vii) we have sufficient capital, facilities and employees to operate our business independently.

Although we have entered into certain continuing connected transactions which will continue after Listing, such transactions have been entered into and will continue to be entered into on normal commercial terms and in the ordinary course of business of our Company.

Financial Independence

Our Group has an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have opened accounts with banks independently and have not shared any bank account with our Controlling Shareholders or their close associates. We have established an independent finance management center as well as implemented sound and independent audit, accounting and financial management systems. We have adequate internal resources and credit profile to support our daily operations.

As of the Latest Practicable Date, all loans, advances and balances due from our Controlling Shareholders and their respective close associates which are non-trade in nature had been fully settled, all loans, advances and balances due to our Controlling Shareholders which are non-trade in nature had been fully settled and all share pledges and guarantees provided by/to our Controlling Shareholders and their respective close associates on our Group's borrowing had been fully released or will be fully released upon Listing.

NON-COMPETITION UNDERTAKINGS

Each of our Controlling Shareholders has unconditionally and irrevocably undertaken to us in the Deed of Non-Competition that he/she/it will not, and will procure his/her/its close associates (other than members of our Group) not to directly or indirectly (including through nominees) conduct or be involved in any business (other than our business) that directly or indirectly competes, or may compete, with the business engaged by our Group from time to time (the "**Restricted Activities**"), or hold shares or interest in any companies or business that competes or may compete directly or indirectly with the Restricted Activities except where our Controlling Shareholders and their respective close associates collectively hold less than 5% of the total issued share capital of any company which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not control 10% or more of the composition of the board of directors of such company. The above restrictions do not apply when our Group engages in a new business that is not included in the Restricted Businesses and at the time of commencement of such new business, any of our Controlling Shareholders has already been conducting or been involved in, or has otherwise been interested in, the relevant business.

Further, each of our Controlling Shareholders has undertaken to procure that if any new business investment or other business opportunity relating to the Restricted Activities (the "**Competing Business Opportunity**") is identified by or made available to it or any of its close associates, he/she/it shall, and shall procure that his/her/its close associates shall, refer such Competing Business Opportunity to our Company on a timely basis and in the following manner:

- refer the Competing Business Opportunity to our Company by giving written notice (the "**Offer Notice**") to our Company of such Competing Business Opportunity within 30 days of identifying the target company (if relevant), which includes the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Competing Business Opportunity;

- upon receiving the Offer Notice, our Company shall seek approval from a board committee which consists of directors (including independent non-executive directors) who do not have an interest in the Competing Business Opportunity (the "**Independent Board**") as to whether to pursue or decline the Competing Business Opportunity. Any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted toward the quorum for, any meeting convened to consider such Competing Business Opportunity;

- the Independent Board shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group's strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisors and legal advisors to assist in the decision making process in relation to such Competing Business Opportunity;

- the Independent Board shall, within 30 days of receipt of the Offer Notice, inform the relevant Controlling Shareholder in writing, on behalf of our Company, its decision whether to pursue or decline the Competing Business Opportunity;

- our Controlling Shareholders shall be entitled but not obliged to pursue such Competing Business Opportunity if he/she/it has received a notice from the Independent Board declining such Competing Business Opportunity or if the Independent Board failed to respond within such 30 days' period mentioned above; and

- if there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by our Controlling Shareholders, he/she/it shall refer such revised Competing Business Opportunity to our Company as if it were a new Competing Business Opportunity.

The Deed of Non-Competition will lapse automatically if our Controlling Shareholders and their respective close associate cease to hold, whether directly or indirectly, 30% or above of our Shares with voting rights or our Shares cease to be listed on the Stock Exchange. In the event we cease to conduct any of the Restricted Businesses, our Controlling Shareholders will no longer be prohibited under the Deed of Non-Competition from conducting such business.

In order to promote good corporate governance practices and to improve transparency, the Deed of Non-Competition includes the following provisions:

- each of our Controlling Shareholders has undertaken to us that he/she/it will provide and procure its close associates to provide on best endeavor basis, all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-Competition;

- our Controlling Shareholders will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report.

In addition, our Company has taken, or will take, the following measures to safeguard good corporate governance standards in respect of the Deed of Non-Competition:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;

- we will disclose the decisions on matters reviewed by the independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) and the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules; and

- in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of Deed of Non-Competition, he/she may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders and its respective close associates may not compete with us as provided in the Deed of Non-Competition. Each of our Controlling Shareholders has confirmed that it fully comprehends its obligations to act in our Shareholders' best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

(a) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of our Board is specifically requested by a majority of the independent non-executive Directors;

(c) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section entitled "Directors and Senior Management—Board of Directors—Independent non-executive Directors" in this prospectus;

(d) we have appointed Giraffe Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance;

(e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and

(f) on an annual basis, our independent non-executive Directors will review the non-compete undertakings provided by our Controlling Shareholders and their compliance with such undertakings.

We have entered into certain agreements with our connected persons, the details of which are set out below. The transactions disclosed in this section will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon Listing.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS AND EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

Property Management Services

On June 23, 2021, our Company entered into a property management services framework agreement (the "**Property Management Services Framework Agreement**") with Anhui Sanxun Properties Management Co., Ltd. (安徽三巽物業管理有限公司) ("**Sanxun Properties Management**"), pursuant to which our Company may (for ourselves and on behalf of our subsidiaries) engage Sanxun Properties Management for the provision of property management services, including (i) property management services for unsold properties, car parking lots and properties owned by us; and (ii) on-site security, cleaning, greening, as well as customer services to property sale offices (the "**Property Management Services**"), for a term commencing from the Listing Date until December 31, 2023. We started to engage Sanxun Properties Management to provide such services in 2017 for our property development projects. For the years ended December 31, 2018, 2019 and 2020, the total service fees payable by our Group to Sanxun Properties Management for the Property Management Services amounted to approximately RMB1.3 million, RMB4.2 million and RMB6.2 million, respectively.

The service fees to be charged for the Property Management Services shall be determined after arm's length negotiations taking into account the GFA of the relevant property development projects, the locations of the projects, the anticipated operational costs (including labor costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market. The service fees shall not be higher than the standard fees designated by the relevant regulatory authorities or the service fees charged by Independent Third Parties.

Our Directors estimate that the maximum service fees under the Property Management Services Framework Agreement for the years ending December 31, 2021, 2022 and 2023 will not exceed RMB7.5 million, RMB8.1 million and RMB8.5 million, respectively. Such estimate is based on (i) the current number of property development projects for which we have engaged Sanxun Properties Management to provide the Property Management Services; (ii) the historical transaction amounts during the Track Record Period; and (iii) the projected new property development projects for which we may engage Sanxun Properties Management for the provision of the Property Management Services for the three years ending December 31, 2023.

The increase in the expected service fees to be paid by us to Sanxun Properties Management for the three years ending December 31, 2023 is mainly attributable to:

- a higher demand for on-site securities, cleaning, greening and customer services in respect of the planned number of property projects for the years ending December 31, 2021, 2022 and 2023, as well as an estimate of three, ten and eight new property projects to be delivered by our Group for the years ending December 31, 2021, 2022 and 2023, respectively, for which we will engage Sanxun Properties Management for the provision of on-site management services. The corresponding service fees payable to Sanxun Properties Management is expected to increase by approximately 18% for the year 2021 as compared to that of the year 2020, approximately 7% for the year 2022 as compared to that of the year 2021 and approximately 6% for the year 2023 as compared to that of the year 2022, respectively;

- the estimated fees for on-site management services, which are determined with reference to the historical fees charged by Sanxun Properties Management during the Track Record Period. We estimate that based on the types of projects and anticipated operational costs involved, such fees for on-site management services will remain similar in the three years ending December 31, 2023 of approximately RMB800,000 per project on average, depending on the types of projects and anticipated operational costs involved; and

- to a lesser extent, the expected GFA of unsold residential properties and commercial properties for the years ending December 31, 2021, 2022 and 2023, respectively, together with a small number of carparks, for which we will engage Sanxun Properties Management for the provision of property management services. The GFA of properties available for management by Sanxun Properties Management in the determination of the annual caps has been estimated with reference to the delivery plans of our existing property projects and will diminish once the properties are sold and delivered to the buyers.

The Property Management Services Framework Agreement is a framework agreement which provides for the mechanism for the operation of the connected transaction described therein. It is envisaged that from time to time and as required, individual service contracts may be required to be entered into between our Group and Sanxun Properties Management. Each individual service contract will set out the scope of the Property Management Services to be provided by Sanxun Properties Management to our Group, the service fees payable by our Group and any detailed specifications which may be relevant to those engagements. The individual service contracts may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Property Management Services Framework Agreement.

Sanxun Properties Management is owned as to 95% by Anhui Sanxun Investment and as to 5% by Ms. An, our executive Director and the spouse of Mr. Qian. Anhui Sanxun Investment is owned as to 84% by Mr. Qian, our executive Director, as to 8% by Ms. An, and as to 8% by Mr. Qian Bing, the father of Mr. Qian. As such, Sanxun Properties Management is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Property Management Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As one or more of the applicable percentage ratios (other than the profits ratio) for the Property Management Services Framework Agreement is expected to be over 0.1% but all the applicable percentage ratios are less than 5% on an annual basis, such transactions will constitute continuing connected transactions for our Company that are exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

Landscape Architecture Services

On June 23, 2021, our Company entered into a landscape architecture services framework agreement (the "**Landscape Architecture Services Framework Agreement**") with Anhui Qiaoyi Garden Construction Co., Ltd. (安徽喬藝園林景觀建設有限公司) ("**Anhui Qiaoyi**"), pursuant to which our Company may (for ourselves and on behalf of our subsidiaries) engage Anhui Qiaoyi for the provision of landscape architecture services for our property development projects, including landscape design and planning, construction, gardening and maintenance (the "**Landscape Architecture Services**"), for a term commencing from the Listing Date until December 31, 2023. For the years ended December 31, 2018, 2019 and 2020, the service fees payable by our Group to Anhui Qiaoyi for the Landscape Architecture Services amounted to approximately RMB21.3 million, RMB74.9 million and RMB78.7 million, respectively.

The service fees to be charged for the Landscape Architecture Services shall be determined after arm's length negotiations taking into account the total area covered by the Landscape Architecture Services, the locations of the projects, the anticipated operational costs (including labor costs, material costs and administrative costs) with reference to the fees charged by third parties for similar services and similar type of projects in the market. The service fees shall not be higher than those to be charged by Independent Third Parties.

Our Directors estimate that the maximum service fees under the Landscape Architecture Services Framework Agreement for the years ending December 31, 2021, 2022 and 2023 will not exceed RMB103.9 million, RMB119.6 million and RMB131.3 million, respectively. Such estimate is based on (i) the current number of property development projects for which we have engaged Anhui Qiaoyi to provide the Landscape Architecture Services; (ii) the historical transaction amounts during the Track Record Period; and (iii) the projected new property development projects for which we may engage Anhui Qiaoyi for the provision of the Landscape Architecture Services for the three years ending December 31, 2023.

The increase in the expected service fees to be paid by us to Anhui Qiaoyi for the three years ending December 31, 2022 is mainly attributable to:

- the increase in the number of new properties which we expect to engage Anhui Qiaoyi for the provision of the Landscape Architecture Services, comprising ten, eight and nine property projects of various size and scale for the years ending December 31, 2021, 2022 and 2023, respectively, as determined based on our delivery schedule and taking into account the business expansion plan of our Group. The expected GFA of properties requiring Landscape Architecture Services is derived from the net GFA of properties under construction after taking into consideration the density of properties per project site, which is expected to be approximately 240,000 sq.m., 238,000 sq.m. and 248,000 sq.m. for the years ending December 31, 2021, 2022 and 2023, respectively; and

- the estimated fees for the Landscape Architecture Services, which is expected to increase by approximately 8% for the year 2021 as compared to that of the year 2020, approximately 11% for the year 2022 as compared to that of the year 2021, and approximately 5% for the year 2023 as compared to that of the year 2022, respectively. Such increment has been estimated with reference to the historical transaction amounts for similar types of services during the Track Record Period, having regards to the mixed size, scale, character and location of the property projects expected to be launched according to our business plan for the years ending December 31, 2021, 2022 and 2023.

The Landscape Architecture Services Framework Agreement is a framework agreement which provides for the mechanism for the operation of the connected transaction described therein. It is envisaged that from time to time and as required, individual service contracts may be required to be entered into between our Group and Anhui Qiaoyi. Each individual service contract will set out the scope of the Landscape Architecture Services to be provided by Anhui Qiaoyi to our Group, the service fees payable by our Group and any detailed specifications which may be relevant to those engagements. The individual service contracts may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Landscape Architecture Services Framework Agreement.

Anhui Qiaoyi is held as to 60% by Mr. Lu Zhen (路震) and as to 40% by Ms. Shi Xiaoli (石曉麗), on trust for the benefit of Mr. Qian. As confirmed by Mr. Qian, such trust arrangement had been entered into due to his lack of time in managing the business and affairs of Anhui Qiaoyi. As such, the legal title of Anhui Qiaoyi was entrusted to Mr. Lu Zhen and Ms. Shi Xiaoli with a view to delegating to them the daily management authorities of Anhui Qiaoyi. As such, Anhui Qiaoyi is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Landscape Architecture Services Framework Agreement will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon Listing.

As one or more of the applicable percentage ratios (other than the profits ratio) for the Landscape Architecture Services Framework Agreement is expected to be over 0.1% but all the applicable percentage ratios are less than 5% on an annual basis, such transactions will constitute continuing connected transactions for our Company that are exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

WAIVERS

The transactions described under "—Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement" in this section constitute our continuing connected transactions under the Listing Rules, which are exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "—Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement" in this section, subject to the condition that the aggregate value of such continuing connected transactions for each of the three years ending December 31, 2023 shall not exceed the relevant annual amounts stated above.

Should there be any material changes to the terms thereunder, or should there be any other agreements to be entered into between our Group and the connected persons of our Company, or upon expiry of such waivers, we will comply with the applicable requirements under the Listing Rules and may apply for relevant waivers (where applicable). The above continuing connected transactions will be carried out in compliance with the requirements of the Listing Rules and our Company shall comply with the relevant requirements for connected transactions in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' VIEW

Our Directors, including the independent non-executive Directors, are of the view that all the continuing connected transactions described under "—Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement" in this section have been and shall be entered into: (i) in the ordinary and usual course of our business; and (ii) on normal commercial terms or better that are fair and reasonable, and in the interests of our Shareholders as a whole, and the annual caps thereof are fair and reasonable and in the interest of our Shareholders as a whole.

Save as disclosed in this section, our Directors currently do not expect that immediately following the Listing, there will be any other transaction which will constitute a continuing connected transaction of our Company under the Listing Rules.

SOLE SPONSOR'S VIEW

The Sole Sponsor is of the view that all the continuing connected transactions described under "—Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement" in this section have been and shall be entered into in the ordinary and usual course of business of our Company, are on normal commercial terms or better, are fair and reasonable and in the interests of the Shareholders as a whole, and that the proposed annual caps for the transactions referred to in this section are fair and reasonable, and in the interest of the Shareholders as a whole.

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme):

		Nominal value
		(HK$)
Authorized share capital:		
38,000,000,000	Shares of HK$0.00001 each	380,000
Issued and to be issued, fully paid or credited as fully paid:		
10,000	Shares in issue as of the date of this prospectus	0.1
494,990,000	Shares in issue pursuant to the Capitalization Issue	4,949.9
165,000,000	Shares to be issued under the Global Offering	1,650.0
660,000,000	**Total**	6,600.0

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Capitalization Issue and Global Offering are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by us pursuant to the general mandate granted to our Directors to issue or repurchase Shares as described below.

RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will rank pari passu in all respects with all our Shares in issue or to be issued as mentioned in this prospectus and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of Listing other than entitlement under the Capitalization Issue.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of Listing and at all time thereafter, our Company must maintain the minimum prescribed percentage of 25% of our issued share capital in the hands of the public (as defined in the Listing Rules).

GENERAL MANDATE TO ALLOT AND ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with the total nominal value of not more than the sum of:

(1) 20% of the total number of Shares in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme); and

(2) the total number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred below.

The allotment and issue of Shares under a rights issue, scrip dividend scheme or similar arrangement in accordance with the Articles of Association, or under the Global Offering, or on the exercise of any option which may be granted under the Share Option Scheme, do not generally require the approval of the Shareholders in general meeting and the total number of Shares which our Directors are authorized to allot and issue under this mandate will not be reduced by the allotment and issue of such Shares.

This general mandate will expire at the earliest of:

- the conclusion of our Company's next annual general meeting;
- the expiration of the period within which our Company is required by law or our Articles of Association to hold our next annual general meeting; or
- when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, see " Statutory and General Information— A. Further Information about our Company—3. Written resolutions of all the Shareholders passed on June 23, 2021" in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the total number of Shares of our Company in issue immediately following the completion of the Global Offering and the Capitalization Issue (excluding Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in "Statutory and General Information—A. Further Information about our Company—6. Repurchase of our Shares" in Appendix V to this prospectus.

The general mandate to issue and buy-back Shares will expire:

- at the conclusion of the next annual general meeting of our Company;
- at the expiration of the period within which the next annual general meeting of our Company is required by any applicable law of the Cayman Islands or the Articles to be held; or
- when varied, revoked or renewed by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

SHARE OPTION SCHEME

Pursuant to the resolutions in writing of our Shareholders passed on June 23, 2021, we have conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarized in "Statutory and General Information—D. Share Option Scheme" in Appendix V to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks pari passu with the other shares.

As a matter of the Cayman Islands Companies Act, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in "Summary of the constitution of the Company and Cayman Islands Company Law" in Appendix IV to this prospectus.

SUBSTANTIAL SHAREHOLDERS

Immediately following completion of the Global Offering and the Capitalization Issue (assuming that the Over-allotment Option is not exercised and without taking into account of the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), based on the information available on the Latest Practicable Date, the following persons/entities will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Nature of interest	Shares held immediately prior to the completion of the Global Offering and Capitalization Issue		Shares held immediately upon completion of the Global Offering and Capitalization Issue	
		Number	*Percentage*	*Number*	*Percentage*
Mr. Qian Kun(1)	Interest in controlled corporation/Interest of spouse	8,740	87.4%	432,630,000	65.55%
Ms. An Juan(2)	Interest in controlled corporation/Interest of spouse	8,740	87.4%	432,630,000	65.55%
Q Kun Ltd.	Beneficial owner	7,980	79.8%	395,010,000	59.85%
Juan L Ltd.	Beneficial owner	760	7.6%	37,620,000	5.7%
Mr. Qian Bing(3)	Interest in controlled corporation	760	7.6%	37,620,000	5.7%
Bing L Ltd.	Beneficial owner	760	7.6%	37,620,000	5.7%

Notes:

(1) Mr. Qian Kun is the sole shareholder of Q Kun Ltd. and is therefore deemed to be interested in the 395,010,000 Shares held by Q Kun Ltd.. Mr. Qian Kun is also the spouse of Ms. An Juan and is therefore deemed to be interested in all the 37,620,000 Shares Ms. An Juan is interested in through Juan L Ltd..

(2) Ms. An Juan is the sole shareholder of Juan L Ltd. and is therefore deemed to be interested in the 37,620,000 Shares held by Juan L Ltd.. Ms. An Juan is also the spouse of Mr. Qian Kun and is therefore deemed to be interested in all the 395,010,000 Shares Mr. Qian Kun is interested in through Q Kun Ltd..

(3) Mr. Qian Bing is the sole shareholder of Bing L Ltd. and is therefore deemed to be interested in the Shares held by Bing L Ltd..

Save as disclosed above and in the section headed "History, Reorganization and Corporate Structure", our Directors are not aware of any person who will, immediately following the Global Offering and the Capitalization Issue (without taking into account the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which would be required to be disclosed to our Company 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 number of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

BOARD OF DIRECTORS

Our Board is responsible and has general power for the management and conduct of our business. Our Board consists of seven Directors, of whom four are executive Directors and three are independent non-executive Directors. The following table sets forth the information concerning our Directors:

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Roles and responsibilities in our Group	Relationship with other Directors and senior management
Mr. Qian Kun (錢堃)	44	Chairman of our Board and executive Director	November 23, 2018	March 31, 2010	Responsible for the leadership, overall strategic planning and major decision making of our Group	Spouse of Ms. An
Ms. An Juan (安娟)	43	President, executive Director and chief executive officer	November 23, 2018	March 31, 2010	Responsible for the overall management of the business operations of our Group	Spouse of Mr. Qian
Mr. Wang Zizhong (王子忠)	48	Executive Director	September 5, 2019	March 31, 2010	Responsible for the overall management of subsidiaries of our Group located in Anhui Province	None
Mr. Zhang Xiaohui (章曉輝)	46	Executive Director	September 5, 2019	March 1, 2014	Responsible for cost management of our Group as well as our property development projects located in Chuzhou, Hefei, Huainan and Anqing areas	None
Mr. Chan Ngai Fan (陳毅奮)	41	Independent non-executive Director	September 5, 2019	September 5, 2019	Responsible for providing independent advice on the operations and management of our Group	None
Mr. Chen Sheng (陳晟)	48	Independent non-executive Director	September 5, 2019	September 5, 2019	Responsible for providing independent advice on the operations and management of our Group	None
Mr. Zhou Zejiang (周澤將)	37	Independent non-executive Director	October 2, 2019	October 2, 2019	Responsible for providing independent advice on the operations and management of our Group	None

Executive Directors

Mr. Qian Kun (錢堃), aged 44, is one of the founders of our Group. He was appointed as our Director on November 23, 2018, and re-designated as our executive Director and the chairman of our Board on September 5, 2019. He is responsible for the leadership, overall strategic planning and major decision making of our Group. Mr. Qian is a seasoned entrepreneur with over 15 years of experience in the real estate industry. Mr. Qian is the spouse of Ms. An. Mr. Qian, together with Ms. An, started engaging in real estate development and other property related business through Anhui Sanxun Investment in 2004. Capitalizing on their experience in the real estate industry, Chuzhou Sanxun was established in 2010 as a regional company for our property development projects, which has grown to become one of our major subsidiaries and the centralized management platform of our property development projects.

Mr. Qian has been the executive vice president of Anhui Commerce Association of Real Estate (安徽省房地產商會) since April 2019 and the vice president of Anhui Bo Culture Institute (安徽省亳文化研究會) since August 2017. Mr. Qian obtained a diploma in industrial and civil architecture from Hefei University of Technology (合肥工業大學) in the PRC in July 2000 and a certificate of completion in Real Estate Business Administration Executive Officer class from Fudan University (復旦大學) in the PRC in December 2009 through part-time learning.

Mr. Qian was a supervisor of Anhui Huadi Sanxun Real Estate Co., Ltd. (安徽華地三巽置業有限責任公司) and the executive director of Jiangsu Tongye Wine Industry Co., Ltd. (江蘇統業酒業有限公司), each a company established in the PRC and deregistered on March 27, 2015 and May 10, 2017, respectively. Mr. Qian confirmed that these companies were solvent prior to their deregistrations and were deregistered as they had ceased to carry on business. He further confirmed that, as of the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there were no outstanding claims and/or liabilities as a result of the deregistrations of these companies.

Ms. An Juan (安娟), aged 43, is one of the founders of our Group. She was appointed as our Director on November 23, 2018, and re-designated as our executive Director, president and chief executive officer on September 5, 2019. She is responsible for the overall management of the business operations of our Group. Beginning with Anhui Sanxun Investment, Ms. An has over 15 years of experience in the real estate industry. As the business expanded under the leadership of Mr. Qian and Ms. An, Chuzhou Sanxun was set up in March 2010. Upon the establishment of Chuzhou Sanxun, Ms. An served as the supervisor of Chuzhou Sanxun from March 2010 to March 2014 and the executive director and the manager of Chuzhou Sanxun since March 2014. She has also assumed multiple directorships in our subsidiaries, including Mingguang Sanxun since its establishment in November 2015 and Bozhou Sanxun since its establishment in July 2016. Ms. An is also the supervisor of Anhui Sanxun Investment when it was established in 2004 but has since assumed a non-executive role.

Ms. An obtained a diploma in accounting and statistics (computerization) from Hefei University of Technology (合肥工業大學) in the PRC in July 2000 and she is now pursuing an executive master of business administration at Cheung Kong Graduate School of Business (長江商學院) in the PRC. Ms. An is the spouse of Mr. Qian.

Ms. An was a supervisor of Jiangsu Tongye Wine Industry Co., Ltd. (江蘇統業酒業有限公司), a company established in the PRC and deregistered on May 10, 2017. Ms. An confirmed that such company was solvent prior to its deregistration and was deregistered as it had ceased to carry on business. She further confirmed that, as of the Latest Practicable Date, no claims had been made against her and she was not aware of any threatened or potential claims made against her and there were no outstanding claims and/or liabilities as a result of the deregistration of such company.

Mr. Wang Zizhong (王子忠), aged 48, was appointed as our executive Director on September 5, 2019. Mr. Wang is responsible for the overall management of our subsidiaries located in Anhui Province. Mr. Wang has over 10 years of experience in construction and real estate industries. He joined our Group in March 2010 as a project general manager in Chuzhou Sanxun and was promoted to the position of general manager in August 2012 and vice president in May 2018. He is serving as a director in several of our subsidiaries including Chuzhou Jiarui and Lixin Sanxun.

Mr. Wang obtained a diploma in building construction and management from The Open University of China (國家開放大學) in the PRC in July 2017.

Mr. Wang was the executive director of Chuzhou Dinglong Real Estate Co., Ltd. (滁州鼎隆置業有限公司), a company established in the PRC and deregistered on February 1, 2019 as part of the Reorganization. For details, see "History, Reorganization and Corporate Structure—Reorganization—Onshore Reorganization—Deregistration of Chuzhou Dinglong". Mr. Wang confirmed that such company was solvent prior to its deregistration and that, as of the Latest Practicable Date, no claims have been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the deregistration of such company.

Mr. Zhang Xiaohui (章曉輝), aged 46, was appointed as our executive Director on September 5, 2019. Mr. Zhang joined our Group as a vice president of Chuzhou Sanxun in March 2014 and is responsible for cost management of our Group as well as our property development projects located in the cities of Chuzhou, Hefei, Huainan and Anqing in Anhui Province. He is serving as a director in several of our subsidiaries including Lixin Sanxun Jiantou. Mr. Zhang has over 25 years of business management experience. Prior to joining our Group, he was the deputy director of Anhui Dingcheng Certified Public Accountants (安徽鼎誠會計師事務所) (currently known as Anhui Tongsheng Certified Public Accountants Ltd. (安徽同盛會計師事務所有限公司)) from August 1995 to July 2001, where he provided engineering costs consultation services. From August 2001 to June 2009, he served as the deputy manager of the engineering audit center of Huapu Tianjian Certified Public Accountants (華普天健會計師事務所(特殊普通合夥)安徽分所) and was responsible for technical review of engineering costs and consultation business. From July 2009 to January 2012, Mr. Zhang served as a cost manager of Hefei Winbond Group Co., Ltd. (合肥華邦集團有限公司) and was responsible for the cost management of the group. He became the general manager of the Chuzhou branch of Hefei Winbond Group Co., Ltd. from November 2012 to February 2014, where he was responsible for project management in the city of Chuzhou in Anhui Province.

Mr. Zhang has been the rotating director of Anhui Commerce Association of Real Estate (安徽省房地產商會) since April 2019. He obtained a bachelor degree in construction engineering from Anhui Jianzhu and Engineering College (安徽建築工業學院) (currently known as Anhui Jianzhu University (安徽建築大學)) in July 1995. Mr. Zhang obtained a certificate of certified public valuer from the Ministry of Finance of the PRC (中華人民共和國財政部) in 1999 and a lawyer qualification and a certificate in legal practice from the Ministry of Justice (中華人民共和國司法部) and Department of Justice of Anhui Province (安徽省司法廳) in 2001 and 2003, respectively. He was accredited as a cost engineer by the Ministry of Construction of the PRC (中華人民共和國建設部) (currently known as the Ministry of Housing and Urban-Rural Department of the PRC (中華人民共和國住房和建設部) in 2001. He was also accredited as a registered consulting engineer, a real estate appraiser and a registered constructor by the Personnel Department of Anhui Province (安徽省人事廳) in 2004, 2005 and 2006, respectively.

Independent non-executive Directors

Mr. Chan Ngai Fan (陳毅奮), aged 41, was appointed as our independent non-executive Director on September 5, 2019 and he is responsible for providing independent advice on the operations and management of our Group. Mr. Chan has over 14 years of experience in auditing, accounting and financial management. Mr. Chan served as an assistant accountant of Oriental Resource Enterprises Limited in Hong Kong from June 2006 to July 2007 where he was responsible for handling accounting, taxation and company secretarial matters, trading documentation and other related matter. From August 2007 to February 2011, Mr. Chan successively worked in the assurance department of Grant Thornton and BDO Limited, with his last position as an assistant manager in assurance. From May 2019 to April 2020, Mr. Chan served as the chief financial officer of Heysea International Yachts Company Limited (海星國際遊艇有限公司). In addition, Mr. Chan had held directorships and senior positions in the following listed companies in the three years immediately preceding the date of this prospectus:

Period of services	Name of company	Principal business	Place of listing and stock code	Position
July 2020 to present	Leader Education Limited	Private formal higher education service provider in Heilongjiang Province, the PRC	Stock Exchange (stock code: 1449)	Independent non-executive director

Period of services	Name of company	Principal business	Place of listing and stock code	Position
January 2019 to present	Centenary United Holdings Limited	Provision of integrated auto services in Guangdong Province, the PRC	Stock Exchange (stock code: 1959)	Joint company secretary
September 2016 to March 2019	Shenzhen Mingwah Aohan High Technology Corporation Limited	Provision of application development services and the sale of IC cards in the PRC	Stock Exchange (stock code: 8301)	– Non-executive director from September 2016 to April 2018 and January 2019 to March 2019 – Executive director and chief financial officer from April 2018 to January 2019
August 2017 to September 2018 and January 2019 to May 2019	Sino Vision Worldwide Holdings Limited (formerly known as DX. com Holdings Limited)	Provision of e-commerce business and provision of online sales platform	Stock Exchange (stock code: 8086)	– Independent non-executive director from August 2017 to September 2018 – Company secretary from January 2019 to May 2019

Mr. Chan obtained a higher diploma in accountancy, a bachelor of arts in accountancy and a master degree in corporate governance from the Hong Kong Polytechnic University in December 2006, December 2007 and October 2013, respectively. He is a member of the Hong Kong Institute of Certified Public Accountants and a certified public accountant (practicing).

Mr. Chen Sheng (陳晟), aged 48, was appointed as our independent non-executive Director on September 5, 2019 and he is responsible for providing independent advice on the operations and management of our Group. Mr. Chen has rich experience and market insight in the PRC real estate industry. Mr. Chen was the consultant of the Finance and Accounting Study Committee of China Society for Finance and Banking (中國金融學會金融統計研究專業委員會) from July 2014 to July 2016. Mr. Chen is the chairman of the China Real Estate Data Academy (中國房地產數據研究院), a professional urban development and real estate research institution which focuses on analytical research on the developments of the real estate industry in the major cities in the PRC. He currently also serves as the executive director of the China Real Estate Research Association (中國房地產業協會).

Mr. Chen obtained a bachelor degree in material science and engineering inorganic non-metallic materials from Tongji University (同濟大學) in the PRC in July 1995 and a master degree in business administration from Fudan University in the PRC in January 2004.

Mr. Chen was a director or supervisor of the following companies established in the PRC which had been deregistered or revoked. Mr. Chen confirmed that these companies were solvent prior to their deregistrations and that, as of the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there were no outstanding claims and/or liabilities as a result of the deregistrations of these companies.

Name of company	Position	Date of deregistration/ revocation	Means of dissolution	Reason of deregistration/ revocation
Shanghai Keya Information Technology Co., Ltd. (上海科亞信息科技有限公司)	Executive director	November 24, 2004	Revoked	Failure to undergo annual inspection under the relevant PRC regulations
Hainan Yixin Real Estate Development Co., Ltd. (海南頤信房地產開發有限公司)	Supervisor	June 29, 2016	Revoked	Failure to undergo annual inspection under the relevant PRC regulations
Hainan Tianzhi Industry Development Co., Ltd. (海南天質實業開發有限公司)	Supervisor	June 29, 2016	Revoked	Failure to undergo annual inspection under the relevant PRC regulations
Beijing Zhongcheng Industry & Financing Information Co., Ltd. (北京中城產融資訊有限公司)	Executive Director	January 12, 2017	Deregistered	Ceased to carry on business
Shanghai Heji Urban Construction Development Co., Ltd. (上海禾驥城市建設發展有限公司)	Director	July 16, 2019	Deregistered	Ceased to carry on business

Mr. Zhou Zejiang (周澤將), aged 37, was appointed as our independent non-executive Director on October 2, 2019 and he is responsible for providing independent advice on the operations and management of our Group. He has over nine years of experience in accounting and finance management. Since June 2011, Mr. Zhou has been teaching accounting in Anhui University (安徽大學) in the PRC. He first joined Anhui University as a lecturer from June 2011 to November 2013. He then became an associate professor from December 2013 to November 2017 and has been a professor since December 2017. Mr. Zhou has served as an independent director of Earth-Panda Advanced Magnetic Material Co., Ltd. (安徽大地熊新材料股份有限公司) since December 2015. In addition, Mr. Zhou Zejiang holds directorships in the following listed companies:

Period of services	Name of company	Principal business	Place of listing and stock code	Position
January 2015 to August 2020	Anhui Ankai Automobile Co., Ltd. (安徽安凱汽車股份有限公司)	Manufacture of coaches and automotive components	Shenzhen Stock Exchange (stock code: 000868)	Independent director
April 2015 to April 2021	Wuhu Conch Profiles And Science Co., Ltd. (蕪湖海螺型材科技股份有限公司)	Manufacture of profiles	Shenzhen Stock Exchange (stock code: 000619)	Independent director
January 2016 to April 2020	Anhui Annada Titanium Industry Co., Ltd. (安徽安納達鈦業股份有限公司)	Manufacture and sale of titanium dioxide	Shenzhen Stock Exchange (stock code: 002136)	Independent director
November 2016 to December 2019	Anhui Anke Biotechnology (Group) Co., Ltd. (安科生物工程(集團)股份有限公司)	Research, development and manufacture of genetic engineering drugs	Shenzhen Stock Exchange (stock code: 300009)	Independent director
March 2016 to present	Earth-Panda Advance Magnetic Material Co., Ltd. (安徽大地熊新材料股份有限公司)	Production of magnetic material	Shanghai Stock Exchange (stock code: 688077)	Independent director
January 2020 to present	GuoYuan Securities Co., Ltd. (國元證券股份有限公司)	Securities brokerage, investment, underwriting, financing, and securities asset management services	Shenzhen Stock Exchange (stock code: 000868)	Independent director
October 2020 to present	Anhui Xinhua Distribution Group Holding Co., Ltd. (安徽新華傳媒股份有限公司)	Books publishing, digital distributions publishing, audio visual products publishing, and other publishing services	Shanghai Stock Exchange (stock code: 601801)	Independent director

Mr. Zhou obtained a bachelor degree in accounting from Changchun Taxation College (長春稅務學院) in the PRC in July 2005. Mr. Zhou also obtained a master degree in accounting and a doctor in accounting from Xiamen University (廈門大學) in the PRC in June 2008 and June 2011, respectively.

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. Save as disclosed above, none of our Directors has been a director of other listed entities in the three years immediately preceding the date of this prospectus.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets certain information concerning our senior management.

Name	Age	Position	Date of joining our Group	Roles and responsibilities in our Group
Mr. Chang Eric Jackson (張世澤)	41	Chief financial officer and Company secretary	July 1, 2019	Responsible for the overall financial accounting and reporting and company secretarial matters of our Group
Mr. Chen Baolin (陳寶林)	53	Director of the finance management center	February 1, 2011	Responsible for overall financial management of our Group

Mr. Chang Eric Jackson (張世澤) (formerly known as Chang Eric Jackson (張再祖)), aged 41, is responsible for the overall financial accounting and reporting and company secretarial matters of our Group. He joined our Group in July 2019 as the chief financial officer and was appointed as the company secretary on September 5, 2019. He has over 18 years of experience in accounting, finance and business advisory work. Mr. Chang worked successively as an associate and a senior manager in PricewaterhouseCoopers Ltd. from September 2002 to September 2013. From October 2013 to July 2015, he served as the chief financial officer of Henan Zhengshang Real Estate Co., Ltd (河南正商置業有限公司). In addition, Mr. Chang holds or had held directorships and senior positions in the following listed companies in the three years immediately preceding the date of this prospectus:

Period of services	Name of company	Principal business	Place of listing and stock code	Position
February 2020 to present	Leader Education Limited	Private formal higher education service provider in Heilongjiang Province, the PRC	Stock Exchange (stock code: 1449)	Company secretary

Period of services	Name of company	Principal business	Place of listing and stock code	Position
December 2017 to present	Transmit Entertainment Limited (formerly known as Pegasus Entertainment Holdings Limited)	Film and TV series production, distribution and licensing of film rights and film exhibition	Stock Exchange (stock code: 1326)	Independent non-executive director
May 2018 to present	DL Holdings Group Limited (formerly known as Season Pacific Holdings Limited)	Selling of apparel products and providing supply chain management total solutions	Transferred from GEM to Main Board of Stock Exchange (stock code on Main Board: 1709)	Independent non-executive director
September 2019 to May 2020	Centenary United Holdings Limited	Integrated auto service provider in Zhongshan, Guangdong province of the PRC	Stock Exchange (stock code: 1959)	Independent non-executive director
May 2017 to July 2018	Sino Vision Worldwide Holdings Limited (formerly known as DX.com Holdings Limited)	Provision of e-commerce business and online sales platform	Stock Exchange (stock code: 8086)	Non-executive director
April 2017 to August 2019	China Tangshang Holdings Limited (formerly known as Culture Landmark Investment Limited)	Exhibition-related business, property sub-leasing, development and investment business, food and beverages and money lending business	Stock Exchange (stock code: 674)	Chief financial officer and company secretary
May 2019 to August 2019	Pa Shun International Holdings Limited	Pharmaceutical distribution, self-operated retail pharmacies and pharmaceutical manufacturing businesses in the PRC	Stock Exchange (stock code: 574)	Company secretary

Mr. Chang obtained a bachelor of commerce degree from University of British Columbia in Canada in May 2002. He has been a member of American Institute of Certified Public Accountants and Hong Kong Institute of Certified Public Accountants since January 2005 and September 2005, respectively.

Mr. Chen Baolin (陳寶林), aged 53, is responsible for the overall financial management of our Group. He joined our Group in February 2011 as a finance officer of Chuzhou Sanxun and was appointed as the director of finance management center of our Group in May 2017. Mr. Chen has over 27 years of experience in the real estate industry with a focus in financial management. Prior to joining our Group, he worked in Chuzhou Jinhuang Real Estate Company (滁州市金煌房地產有限公司) from July 1993 to January 2011 with his last position as the chief accountant. Mr. Chen Baolin obtained a diploma in auditing from Anhui Commercial College (安徽商業專科學校) in the PRC in July 1993 and graduated in auditing through a correspondence course from Nanjing Audit University (南京審計學院 (currently known as 南京審計大學)) in the PRC in July 2004. Mr. Chen obtained the qualification as an accountant in May 1998 accredited by the Ministry of Personnel of the PRC (中華人民共和國人事部) (currently known as the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)).

COMPANY SECRETARY

Mr. Chang Eric Jackson was appointed as our company secretary on September 5, 2019. See "—Senior Management" in this section for details of Mr. Chang's qualifications and experience.

BOARD COMMITTEES

Audit Committee

Our Group has established the Audit Committee on June 23, 2021 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of all of the independent non-executive Directors, namely, Mr. Chan Ngai Fan, Mr. Chen Sheng and Mr. Zhou Zejiang. Mr. Chan Ngai Fan is the chairman of the Audit Committee. The primary duties of the Audit Committee are to assist our Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Group has established the Remuneration Committee on June 23, 2021 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of three members, namely, Mr. Zhou Zejiang, Ms. An Juan and Mr. Chan Ngai Fan. Mr. Zhou Zejiang is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration of our Directors and senior management and make recommendations on employee benefit arrangement.

Nomination Committee

Our Group has established the Nomination Committee on June 23, 2021 with written terms of reference in compliance with paragraph A.5 of the CG Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. Qian Kun, Mr. Chen Sheng and Mr. Chan Ngai Fan. Mr. Qian Kun is the chairman of the Nomination Committee. The primary function of the Nomination Committee is to make recommendations to our Board on the appointment of members of our Board.

CORPORATE GOVERNANCE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the CG Code. Our Company is committed to the view that our Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

Our Directors are aware that upon Listing, we are expected to comply with such code provision. Any such deviation shall however be carefully considered, and the reasons for such deviation shall be given in the interim report and the annual report in respect of the relevant period. We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders as a whole. We will comply with the code provisions set out in the CG Code in Appendix 14 to the Listing Rules after the Listing.

COMPLIANCE ADVISOR

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Giraffe Capital Limited as our compliance advisor to provide advisory services to our Company. It is expected that the compliance advisor will, amongst other things, advise our Company with due care and skill on the following matters:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including shares issues and share 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 business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount (including fees, salaries, allowances and other benefits, retirement benefit scheme contributions, performance related bonus) paid to our Directors for each of the three years ended December 31, 2018, 2019 and 2020 was approximately RMB2.0 million, RMB2.0 million and RMB2.8 million, respectively. Save as disclosed in this prospectus, no other amounts have been paid or are payable by any member of our Group to our Directors during the Track Record Period.

The remuneration (including salaries, allowances and other benefits, retirement benefit scheme contributions and performance related bonus) paid to our Company's five highest paid individuals included two, two and one Directors for each of the three years ended December 31, 2018, 2019 and 2020, respectively.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of each of the three years ended December 31, 2018, 2019 and 2020. Further, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, allowances and other benefits, retirement benefit scheme contributions and performance related bonus) of our Directors for the year ending December 31, 2021 is estimated to be no more than RMB3.0 million. Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board comprises of seven members, including one female Director. Our Directors also have a balanced mix of knowledge, skills and experience, including property development, business management, finance and investment. They obtained degrees in various majors including industrial and civil architecture, accounting and statistics, construction engineering, science and political economics. We have three independent non-executive Directors who have different industry backgrounds, representing more than one-third of our Board members. In recognition of the particular importance of gender diversity, our Company has taken, and will continue to take steps to promote gender diversity in our Board. Further, our Company will continue to consider increasing the proportion of female Board members over time when selecting suitable new or additional candidates for appointments to our Board so as to ensure that appropriate gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, where appropriate. We aim to achieve at least 20% female representation in our Board within five years of Listing.

Going forward, to develop a pipeline of potential successors to our Board that may meet the target gender diversity, our Company will (i) consider the possibility of nominating female management staff who has the necessary skills and experience to our Board; (ii) ensure that there is gender diversity when recruiting staff at mid to senior levels; and (iii) provide career development opportunities and more resources in training female staff with the aim of promoting them to the senior management or board of our Company.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After 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.

FUTURE PLANS

See "Business—Our Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The table below sets for the estimate of the net proceeds of the Global Offering which we will receive after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering:

	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Assuming an Offer Price of HK$4.25 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus)	Approximately HK$620.6 million	Approximately HK$722.1 million
Assuming an Offer Price of HK$5.20 per Offer Share (being the high end of the Offer Price range stated in this prospectus)	Approximately HK$771.9 million	Approximately HK$896.1 million
Assuming an Offer Price of HK$3.30 per Offer Share (being the low end of the Offer Price range stated in this prospectus)	Approximately HK$469.4 million	Approximately HK$548.2 million

We intend to use the net proceeds of the Global Offering for the following purposes (assuming an Offer Price of HK$4.25 per Share, being the mid-point of the Offer Price range stated in the prospectus, after deduction of underwriting fees and commissions and other estimated expenses in connection with the Global Offering, and the Over-allotment Option is not exercised):

- approximately 60%, or HK$372.4 million, will be used as the construction costs for the development of our existing property projects, namely, Lixin Platinum House (利辛鉑悅府), Suchou Lingbi Qingfeng (宿州靈璧清楓) and Ningyang Platinum House (寧陽鉑悅府). See "Business—Our Property Projects" in this prospectus for further details of our projects;

Subject to the development progress of the relevant projects, it is currently expected that all these net proceeds will be used on the three property projects in 2021. The table below sets forth the future development costs to be incurred and net proceeds to be used on the projects indicated:

Projects	**Future development costs to be incurred**	**Net proceeds to be used in 2021**
Lixin Platinum House (利辛鉑悅府)	Construction and installation costs of HK$312.0 million	Approximately HK$119.2 million
Suzhou Lingbi Qingfeng (宿州靈璧清楓)	Construction and installation costs of HK$665.7 million	Approximately HK$126.6 million
Ningyang Platinum House (寧陽鉑悅府)	Construction and installation costs of HK$275.8 million	Approximately HK$126.6 million

- approximately 30%, or HK$186.2 million, will be used for land acquisition to increase our land bank by seeking and acquiring land parcels or suitable merger and acquisition opportunities that meet our internal criteria in terms of (i) geographic location; (ii) total GFA; and (iii) expected investment return, in Anhui Province and other cities outside Anhui Province in which we plan to expand. We plan to continue to acquire land through the traditional land acquisition methods, such as government organized auctions and public listing-for-sale process. Moreover, we intend to further diversify our land acquisition channels, such as through mergers and acquisitions and strategic cooperation with other recognized real estate developers. We plan to obtain information related to merger and acquisition opportunities through financial institutions and asset trade centers, and select quality targets that fit our investment standards. See "Business—Our Strategies—Continue to Solidify Our Market Position in Anhui Province and Proactively Expand into Cities outside Anhui Province" and "Business—Our Property Projects" in this prospectus for further details. Such proceeds are expected to be used by 2021. As at the Latest Practicable Date, our Directors confirm that we had not identified any specific projects or lands for acquisition; and

- approximately 10%, or HK$62.1 million, will be used for general working capital purposes.

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 proposed Offer Price range.

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 deposit the unutilized net proceeds into short-term demand deposits with authorized financial institutions and/or licensed banks. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

CCB International Capital Limited
CRIC Securities Company Limited
BOCOM International Securities Limited
Futu Securities International (Hong Kong) Limited
I Win Securities Limited
Valuable Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering initially 16,500,000 Hong Kong Offer Shares (subject to adjustment) for subscription by way of Hong Kong Public Offering at the Offer Price on and subject to the terms and conditions of this prospectus and the relevant Application Forms.

Subject to various conditions, which include, but without limitation, the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein and certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to subscribe or procure subscriptions for their respective applicable proportions of the Hong Kong Offer Shares which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the relevant Application Forms.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscription for the Hong Kong Offer Shares are subject to termination by oral or written notice from the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and the Sole Sponsor, at any time prior to 8:00 a.m. on the Listing Date if:

(1) there develops, occurs, exists or comes into effect:

(a) any event or circumstance in the nature of *force majeure* (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease (excluding such epidemic, pandemic, outbreak of infectious disease subsisting as of the date of the Hong Kong Underwriting Agreement), economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting the Cayman Islands, the BVI, Hong Kong, the PRC, the United States, the United Kingdom, or any member of the European Union, or any other jurisdiction relevant to any member of our Group or the Global Offering (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**"); or

(b) any change, or any development involving a prospective change (whether or not permanent), or any event or circumstance likely to result in any change or development involving a prospective change in local, national, regional or international financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (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

(c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in, securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(d) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at federal or New York State level or other competent authority), London, the PRC, the European Union (or any member thereof) or any other Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or

(e) any new law or regulation or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in, or in the interpretation or application by any court or other competent authorities of, existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(f) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(g) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material devaluation of the United States dollar, Euro, Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(h) any litigation, claims or legal actions of any third party being threatened or instigated against any member of our Group, any Director or our Controlling Shareholders; or

(i) a Director being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(j) the chairman or chief executive officer of our Company vacating his office; or

(k) an authority or a political body or organization in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group or any Director; or

(l) save as disclosed in "Business—Legal Proceedings and Material Claims" in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable Laws (as defined in the Hong Kong Underwriting Agreement); or

(m) a prohibition on our Company for whatever reason from offering, allotting, issuing, selling or delivering any of the Offer Shares (including the Shares to be issued by our Company pursuant to the Over-allotment Option) pursuant to the terms of the Global Offering; or

(n) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or

(o) except as otherwise agreed by the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters), the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance, the Companies (WUMP) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(p) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(q) any change, development or event involving a prospective change, or a materialization, of any of the risks set forth in "Risk Factors" or

(r) an order or petition is presented for the winding up of any member of our Group or any composition, compromise or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our 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 our Group or anything analogous thereto occurring in respect of any member of our Group,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and the Sole Sponsor:

(A) has or will have or may have or is likely to have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial, or otherwise or performance of our Group as a whole; or

(B) has or will have or may have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

(C) makes or will make or may make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to be performed or implemented as envisaged or to market the Global Offering; or

(D) has or will have or may have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting agreements thereof; or

(2) there has come to the notice of the Sole Global Coordinator and the Sole Sponsor:

(a) that any statement contained in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or in any notices or announcements, advertisements, communications or other documents issued or used by or on behalf of our 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, inaccurate or misleading in any respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Hong Kong Public

Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(b) 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 omission from 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 our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(c) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(d) any event, act or omission which gives or is likely to give rise to any material liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities given by the Indemnifying Parties under the Hong Kong Underwriting Agreement; or

(e) any material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, properties, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of our Group taken as a whole, whether or not arising in the ordinary course of business, as determined by the Sole Global Coordinator in its sole and absolute discretion; or

(f) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties given by the Warrantors as defined in the Hong Kong Underwriting Agreement; or

(g) approval by the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(h) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(i) any of the Reporting Accountants or any other experts (other than the Sole Sponsor) named in Appendix V to this prospectus has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(j) a material portion of the orders in the book-building process have been withdrawn, terminated or cancelled.

Lock-up Undertakings Under the Hong Kong Underwriting Agreement

(A) Undertakings by Our Company

Our Company has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the Hong Kong Underwriters, that except for (i) issue of Shares pursuant to the Capitalization Issue, (ii) the offer, allotment and issue of the Offer Shares pursuant to the Global Offering (including the issue of Shares pursuant to the exercise of the Over-allotment Option), and (iii) issue of Shares pursuant to the exercise of options that may be granted under the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including the date that is six months from the Listing Date (the "**First Six-Month Period**"), our Company will not, and will procure each other member of our Group not to, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or contract or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe for or purchase, any Shares or other securities of our Company, or any interest in any of the foregoing), or deposit any Shares or other securities of our Company, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company, or any interest in any of the foregoing); or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

During the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), our Company shall not enter into any of the transactions specified in (i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction, such that any Controlling Shareholder, directly or indirectly, would cease to be a "Controlling Shareholder" (as defined in the Listing Rules) of our Company or a member of a group of the Controlling Shareholders of our Company or would together with the other Controlling Shareholders cease to be "Controlling Shareholders" (as defined in the Listing Rules) of our Company. During the Second Six-Month Period, in the event that our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that our Company will not create a disorderly or false market in the securities of our Company. Each of the Controlling Shareholders has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the Hong Kong Underwriters to procure our Company to comply with the undertakings above.

(B) Lock-up Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders has undertaken to each of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the Hong Kong Underwriters that, except as pursuant to the Capitalization Issue, the Global Offering (including pursuant to the Over-allotment Option) and the Stock Borrowing Agreement, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) he/she/it will not, at any time during the First Six-Month Period, (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts, or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing), or (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above, or (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above, in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other equity securities will be completed within the First Six-Month Period); and

(ii) he/she/it will not, during the Second Six-Month Period, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he/she/it would cease to be a "Controlling Shareholder" (as defined in the Listing Rules) of our Company or a member of a group of the Controlling Shareholders of our Company or would together with the other Controlling Shareholders cease to be "Controlling Shareholders" (as defined in the Listing Rules) of our Company; and

(iii) until the expiry of the Second Six-Month Period, in the event that he/she/it enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, it will take all reasonable steps to ensure that he/she/it will not create a disorderly or false market in the securities of our Company provided that, subject to strict compliance with any requirements of applicable laws (including, without limitation and for the avoidance of doubt, the requirements of the Stock Exchange or of the SFC or of any other relevant authority), nothing in the undertakings above shall prevent any of the Controlling Shareholders from using Shares or other securities of our Company beneficially owned by him/her/it as security in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155) of the laws of Hong Kong).

Further Undertakings by the Controlling Shareholders

By our Controlling Shareholders

In connection with Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to our Company and Stock Exchange that except pursuant to the Capitalization Issue, the Global Offering, the Stock Borrowing Agreement and the Over-allotment Option, it/he/she will not, and will procure that the relevant registered holder(s) shall not, (i) in the period commencing on the date of 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 Shares or other securities of our Company in respect of which it or he is shown by this prospectus to be the beneficial owner; or (ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) 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 Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he/she would cease to be a group of our Controlling Shareholders.

In accordance with note (3) to Rule 10.07(2) of the Listing Rules, our Controlling Shareholders have further undertaken to our Company and the Stock Exchange that it/he/she will, within a period of commencing on the date by reference to which disclosure of its or his shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date:

(i) when it/he/she pledges/charges any securities beneficially owned by it/him/her in favor of an authorized institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge/charge together with the number of securities so pledged/charged; and

(ii) when it/he/she receives indications, either verbal or written, from the pledgee/chargee that any of the pledged/charged securities will be disposed of, immediately inform our Company of such indications.

Restrictions on Further Issuance

Pursuant to Rule 10.08 of the Listing Rules, no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in the circumstances as prescribed under Rule 10.08 of the Listing Rules, which includes the grant of options and the issue of Shares pursuant to the Share Option Scheme.

International Underwriting Agreement

In connection with the International Offering, the International Underwriting Agreement is expected to be entered into between our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares.

The International Underwriting Agreement is expected to provide that it may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors will be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. The International Underwriting Agreement is conditional on and subject to the Hong Kong Underwriting Agreement having been executed, becoming unconditional and not having been terminated. Pursuant to the International Underwriting Agreement, our Company and our Controlling Shareholders will give undertakings similar to as those given under the Hong Kong Underwriting Agreement as described in "Underwriting Arrangements and Expenses—Hong Kong Underwriting Agreement—Lock-up Undertakings under the Hong Kong Underwriting Agreement" in this section.

Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Sole Global Coordinator (for itself and on behalf of the other International Underwriters) from the Listing Date until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering to require us to allot and issue up to an aggregate of 24,750,000 additional Shares, representing 15% of the number of Offer Shares initially available under the Global Offering at the Offer Price to, amongst other things, cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) will receive an underwriting commission of 2.8% of the aggregate Offer Price in respect of all the Hong Kong Offer Shares (excluding any International Offer Shares reallocated to and from the Hong Kong Public Offering). In respect of the International Offering (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), we expect to pay an underwriting commission of equal to 2.8% of the aggregate Offer Price payable in respect of all the International Offer Shares (including any International Offer Shares reallocated to and from the Hong Kong Public Offering). In addition, our Company may, at its sole discretion, pay to the Sole Global Coordinator an incentive fee of up to 0.7% of the aggregate Offer Price in respect of each Offer Share under both the Hong Kong Public Offering and the International Offering (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering (in such proportion as the Sole Global Coordinator in its sole discretion consider appropriate), the underwriting commission regarding such Hong Kong Offer Shares shall be reallocated to the International Underwriters (in such proportion as the Sole Global Coordinator in its sole discretion consider appropriate).

Assuming the Over-allotment Option is not exercised, the aggregate commissions and fees (including any discretionary incentive fee), together with Stock Exchange listing fees, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are currently estimated to amount in aggregate to approximately HK$80.6 million (assuming an Offer Price of HK$4.25 per Offer Share, being the mid-point of the indicative Offer Price range stated in this prospectus), are payable and borne by our Company.

Indemnity

Our Company and the Controlling Shareholders have agreed to indemnify 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 any of our Company and the Controlling Shareholders of the Hong Kong Underwriting Agreement as the case may be.

Hong Kong Underwriters' Interests in Our Company

Save as disclosed in this section and other than pursuant to the Hong Kong Underwriting Agreement, as at the Latest Practicable Date, none of the Hong Kong Underwriters is interested directly or indirectly in any shares or securities in our Company or any other member of our Group or has any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any shares or securities in our Company or any other member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as "Syndicate Members," may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

(a) under the agreement among the Syndicate Members, all of them (except for CCB International Capital Limited and its affiliates as the stabilizing manager) must not, in connection with the distribution of our Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to our Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of our Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in different countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, fund management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to our Shares, those activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in our Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have our Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities who are involved in directly or indirectly, the buying and selling our 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 our Share, in baskets of securities or indices including the Shares, in units of funds that may purchase our Shares, or in derivatives related to any of the foregoing.

In relation to issues by the Syndicate Members or their affiliates of any listed securities having our Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant 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 our Shares in most cases. All of these activities may occur both during and after the end of the stabilizing period described in "Structure of the Global Offering—Over-allocation and Stabilization" in this prospectus. These activities may affect the market price or the value of our Shares, the liquidity or trading volume in our Shares and the volatility of their share price, and the extent to which this occurs on a day to day basis cannot be estimated.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering consists of (subject to the Over-allotment Option):

(i) the Hong Kong Public Offering of 16,500,000 Shares (subject to adjustment) in Hong Kong as described below under the paragraphs under "The Hong Kong Public Offering" below; and

(ii) the International Offering of 148,500,000 Shares (subject to adjustment and the Over-allotment Option) outside the United States in reliance on Regulation S.

You may apply for the Hong Kong Offer Shares or if qualified to do so, indicate an interest in the International Offer Shares, but you may not apply in both.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as institutional and professional investors and other investors in Hong Kong. The International Offering will involve selective marketing of the International Offer Shares to institutional and professional investors and other investors expected to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the International Offer Shares. Prospective investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

The number of the Hong Kong Offer Shares and the International Offer Shares to be offered under the Hong Kong Public Offering and the International Offering respectively, may be subject to reallocation as described below under the paragraphs under "Pricing and allocation" below.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

(i) the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued and sold as mentioned herein (including any additional shares which may be issued and sold pursuant to the exercise of the Over-allotment Option) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(ii) the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Global Coordinator (acting for itself and on behalf of the other Underwriters)) and such obligations not being terminated in accordance with the terms of the respective agreements,

in each case, on or before the dates and times specified in the 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 that is 30 days after the date of this prospectus.

The consummation of each of the International Offering and the Hong Kong Public Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Global Offering on the website of our Company at **www.sanxungroup.com** and the website of the Stock Exchange at **www.hkexnews.hk** on the next day following such lapse.

In the above situation, we will return all application monies to the applicants, without interest and on the terms set out in the section entitled "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving banker or other bank(s) licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

We expect to dispatch Share certificates for the Offer Shares on Friday, July 16, 2021. However, these Share certificates will only become valid certificates of title if (a) the Global Offering has become unconditional in all respects and (b) the right of termination as described in the section entitled "Underwriting" in this prospectus has not been exercised, which is expected to be at 8:00 a.m. (Hong Kong time) on the Listing Date.

PRICING AND ALLOCATION

Indicative Range of the Offer Price

The Offer Price will not be more than HK$5.20 per Offer Share and is expected to be not less than HK$3.30 per Offer Share, unless otherwise announced no later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative range of the Offer Price stated in this prospectus**.

Price Payable on Application

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$5.20 for each Hong Kong Offer Share (plus brokerage, SFC transaction levy and Stock Exchange trading fees). If the Offer Price is less than HK$5.20, appropriate refund payments (including brokerage, SFC transaction levy and the Stock Exchange trading fees attributable to the surplus application monies) will be made to successful applicants. Further details is set out in the paragraph entitled "How to Apply for Hong Kong Offer Shares—14. Dispatch/Collection of Share Certificates and Refund Cheques" in this prospectus.

Determining the Offer Price

The International Underwriters are soliciting from prospective investors indications of interest in acquiring the International Offer Shares. Prospective investors will be required to specify the number of the International Offer Shares 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, but to cease on or around, Monday, July 12, 2021 and in any event, not later than Friday, July 16, 2021.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (acting for itself and on behalf of the other Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, July 12, 2021 and in any event no later than Friday, July 16, 2021.

If, for any reason, the Sole Global Coordinator (acting for itself and on behalf of the other Underwriters) and our Company are unable to reach agreement on the Offer Price on or before Friday, July 16, 2021, the Global Offering will not proceed and will lapse.

Reduction in Offer Price Range and/or Number of Offer Shares

If the Sole Global Coordinator (acting for itself and on behalf of the other Underwriters) considers it appropriate, the indicative Offer Price range and/or the number of Offer Shares may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering with the consent of our Company.

In such a case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.sanxungroup.com** an announcement of the reduction in the indicative Offer Price range and/or number of Offer Shares. Such notice will also include confirmation or revision, as appropriate, of the working capital statement as currently disclosed in the paragraph entitled "Financial Information—Liquidity and Capital Resources—Working Capital" in this prospectus, the offering statistics as currently disclosed in the section entitled "Summary" in this prospectus, the use of proceeds in the section entitled "Future Plans and Use of Proceeds" in this prospectus, and any other financial information which may change as a result of such reduction. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. The Company will also, as soon as practicable following the decision to make such change, extend the period under which the Hong Kong Public Offering was opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and require investors who had applied for the Hong Kong Offer Shares to positively confirm their applications for Offer Shares in light of the change in the number of Offer Shares and/or the Offer Price and give potential investors who had applied for the Hong Kong Offer Shares the right to withdraw their applications under the Hong Kong Public Offering.

Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative range of the Offer Price and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

Allocation

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 Sole Global Coordinator.

Allocation of the Offer Shares under the International Offering will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after the listing of the Shares on the Stock Exchange. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares applied for by applicants. The allocation of Hong Kong Offer Shares 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.

Announcement of final Offer Price and Basis of Allocations

The final Offer Price is expected to be announced on Friday, July 16, 2021, and the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allocation of the Hong Kong Offer Shares are expected to be announced on Friday, July 16, 2021, on the website of our Company at **www.sanxungroup.com** (in English and Chinese) and on the website of the Stock Exchange at **www.hkexnews.hk** and in a variety of channels in the manner described in the paragraph entitled "How to Apply for Hong Kong Offer Shares—11. Publication of Results" in this prospectus. You should note that our website and all information contained in our website, does not form part of this prospectus.

THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions set out in the Hong Kong Underwriting Agreement including those described in the paragraphs under "Conditions of the Global Offering" above) for the subscription in Hong Kong of, initially, 16,500,000 Offer Shares at the Offer Price, representing 10% of the initial number of the Offer Shares (before any exercise of the Over-allotment Option). Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent 2.5% of the enlarged number of our Shares in issue immediately after completion of the Global Offering and the Capitalization Issue but before any exercise of the Over-allotment Option.

For allocation purposes only, the total number of Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation of Hong Kong Offer Shares and International Offer Shares) is to be divided equally into two pools:

Pool A: The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregated subscription price of HK$5 million or less (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable); and

Pool B: The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million and up to the value of pool B (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Offer Shares and any application for more than 8,250,000 Hong Kong Offer Shares, being the number of Hong Kong Offer Shares available under each pool, are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation on the following basis:

(a) Where the International Offer Shares are fully subscribed or oversubscribed:

(i) if the Hong Kong Offer Shares are undersubscribed, the Sole Global Coordinator (for itself and on behalf of the other Underwriters) has the authority (but not the obligation) in its absolute discretion to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate to satisfy demand under the International Offering;

(ii) if the Hong Kong Offer Shares are not undersubscribed but the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then at the discretion of the Sole Global Coordinator (for itself and on behalf of the other Underwriters) up to 16,500,000 Offer Shares will 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 Offering will be increased to 33,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Global Offering (before the exercise of the Over-allotment Option);

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then 33,000,000 Offer Shares will 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 Offering will be increased to 49,500,000 Offer Shares, representing 30% of the number of the Offer Shares initially available under the Global Offering (before the exercise of the Over-allotment Option);

(iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then 49,500,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the number of the Offer Shares available under the Hong Kong Public Offering will be increased to 66,000,000 Offer Shares, representing 40% of the number of the Offer Shares initially available under the Global Offering (before the exercise of the Over-allotment Option); and

(v) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then 66,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the number of the Offer Shares available under the Hong Kong Public Offering will be increased to 82,500,000 Offer Shares, representing 50% of the number of the Offer Shares initially available under the Global Offering (before the exercise of the Over-allotment Option).

(b) Where the International Offer Shares are undersubscribed:

(i) if the Hong Kong Offer Shares are undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 16,500,000 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 Offering will be increased to 33,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Global Offering (before the exercise of the Over-allotment Option).

In the event of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering in the circumstances where (a) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed by less than 15 times under paragraph (a)(ii) above; or (b) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed under paragraph (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK$3.30 per Offer Share) stated in this prospectus.

In addition, the Sole Global Coordinator (for itself and on behalf of the other Underwriters) may, at its 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 accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 33,000,000 Offer Shares). In all cases, the number of Offer Shares allocated to the International Offering will be correspondingly reduced. 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 Sole Global Coordinator.

THE INTERNATIONAL OFFERING

The number of the Offer Shares to be initially offered for subscription and sale under the International Offering will be 148,500,000 Offer Shares, representing 90% of the initial number of the Offer Shares (before the exercise of the Over-allotment Option). Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the International Offer Shares will represent 22.5% of the enlarged number of our Shares in issue immediately following completion of the Global Offering and the Capitalization Issue but before any exercise of the Over-allotment Option.

Pursuant to the International Offering, the International Offer Shares will be conditionally placed on behalf of us by the International Underwriters or through selling agents appointed by them. International Offer Shares will be placed with certain professional and institutional investors and other investors anticipated to have sizeable demand for the International Offer Shares in Hong Kong, Europe and other jurisdictions outside the United States in offshore transactions meeting the requirements of, and in reliance on Regulation S or another exemption from registration requirements under the U.S. Securities Act. Prospective investors may be required to give an undertaking and confirmation that they have not applied for or taken up any Hong Kong Offer Shares. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

We are expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator (for itself and on behalf of the other International Underwriters) at any time from the Listing Date until the 30th days after the last date for the lodging of applications in the Hong Kong Public Offering, to require us to issue up to 24,750,000 additional Offer Shares, representing 15% of the initial number of the Offer Shares. These Shares will be issued at the same price per Share under the International Offering to cover over-allocations in the International Offering, if any. An announcement will be made in the event that the Over-allotment Option is exercised.

OVER-ALLOCATION AND STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, CCB International Capital Limited, as the Stabilizing Manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the last day for the lodging of applications under the Hong Kong Public Offering. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely 24,750,000 Shares, which is 15% of the Offer Shares initially available under the Global Offering.

Stabilizing action will be entered into in accordance with the laws, rules and regulations in place in Hong Kong and stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules under the Securities and Futures Ordinance includes: (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(i) the Stabilizing Manager, or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares;

(ii) there is no certainty regarding the extent to which and the time period for which the Stabilizing Manager, or any person acting for it, will maintain such a position;

(iii) liquidation of any such long position by the Stabilizing Manager may have an adverse impact on the market price of the Shares;

(iv) no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall; and

(v) the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilizing period by the taking of any stabilizing action; and stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period. In connection with the Global Offering, the Sole Global Coordinator may over-allocate up to and not more than an aggregate of 24,750,000 Shares and cover such over-allocations by (amongst other methods) exercising the Over-allotment Option, making purchases in the secondary market at prices that do not exceed the Offer Price or by any combination of these means.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the International Offering, CCB International Capital Limited as the Stabilizing Manager or any person acting for it may choose to borrow Shares from Q Kun under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercising of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

(i) such stock borrowing arrangement with Q Kun will only be effected by the Stabilizing Manager for settlement of over-allocations in the International Offering and covering any short position prior to the exercise of the Over-allotment Option;

(ii) the maximum number of Shares borrowed from Q Kun under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;

(iii) the same number of Shares so borrowed must be returned to Q Kun or its nominees on or before the third business day following the earlier of (a) the last day on which the Over-allotment Option may be exercised or (b) the day on which the Over-allotment Option is exercised in full;

(iv) the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and

(v) no payment will be made to Q Kun by the Stabilizing Manager or its authorized agents in relation to such stock borrowing arrangement.

THE SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the Shares to be admitted into the CCASS.

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

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

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, July 19, 2021, dealings in Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Monday, July 19, 2021.

The Shares will be traded in board lots of 1,000 Shares each and the stock code is 6611.

1. HOW TO APPLY FOR HONG KONG OFFER SHARES

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:

(a) use a **WHITE** or **YELLOW** Application Form;

(b) apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or

(c) 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 Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY FOR HONG KONG OFFER SHARES

You can apply for Hong Kong Offer Shares on **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying:

(a) are 18 years of age or older;

(b) have a Hong Kong address; and

(c) are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the names of the individual members. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, we and the Sole Global Coordinator (or its agents or nominees) may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** Service Provider for Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

(a) an existing beneficial owner of Shares in our Company and/or any of our subsidiaries;

(b) a director or chief executive of our Company and/or any of our subsidiaries;

(c) a close associate (as defined in the Listing Rules) of any of the above; or

(d) have been allocated or have applied for or have indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and this prospectus during normal business hours from 9:00 a.m. on Wednesday, June 30, 2021 until 12:00 noon on Monday, July 12, 2021 from:

any one of the addresses of the Hong Kong Underwriters:

CCB International Capital Limited	12/F., CCB Tower 3 Connaught Road Central Central Hong Kong
CRIC Securities Company Limited	Unit 2007 & 2403 Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
BOCOM International Securities Limited	9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong

Futu Securities International (Hong Kong) Limited	Unit C1-2, 13/F, United Centre No.95 Queensway Hong Kong
I Win Securities Limited	Room 1916, Hong Kong Plaza 188 Connaught Road West Hong Kong
Valuable Capital Limited	Room 2808, 28/F, China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong

or any of the following designated branches of the receiving banks:

(a) Bank of China (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	Des Voeux Road West Branch	111-119 Des Voeux Road West Hong Kong
	Johnston Road Branch	152-158 Johnston Road Wan Chai Hong Kong
Kowloon	Hoi Yuen Road Branch	55 Hoi Yuen Road Kwun Tong Kowloon
	Kowloon Plaza Branch	Unit 1, Kowloon Plaza 485 Castle Peak Road Kowloon
New Territories	Yuen Long Branch	102-108 Castle Peak Road Yuen Long New Territories

(b) CMB Wing Lung Bank Limited

	Branch Name	Address
Hong Kong Island	Kennedy Town Branch	28 Catchick Street Hong Kong
Kowloon	Mongkok Branch	B/F, CMB Wing Lung Bank Centre 636 Nathan Road Kowloon

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, June 30, 2021 until 12:00 noon on Monday, July 12, 2021 from:

(1) the Depository Counter of HKSCC at 1/F One and Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or

(2) your stockbroker, who may have such Application Form and this prospectus available.

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 — SANXUN HOLDINGS GROUP PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the designated branches of the receiving banks listed above at the following times:

Wednesday, June 30, 2021	**—**	**9:00 a.m. to 5:00 p.m.**
Friday, July 2, 2021	**—**	**9:00 a.m. to 5:00 p.m.**
Saturday, July 3, 2021	**—**	**9:00 a.m. to 1:00 p.m.**
Monday, July 5, 2021	**—**	**9:00 a.m. to 5:00 p.m.**
Tuesday, July 6, 2021	**—**	**9:00 a.m. to 5:00 p.m.**
Wednesday, July 7, 2021	**—**	**9:00 a.m. to 5:00 p.m.**
Thursday, July 8, 2021	**—**	**9:00 a.m. to 5:00 p.m.**
Friday, July 9, 2021	**—**	**9:00 a.m. to 5:00 p.m.**
Saturday, July 10, 2021	**—**	**9:00 a.m. to 1:00 p.m.**
Monday, July 12, 2021	**—**	**9:00 a.m. to 12:00 noon**

The application for the Hong Kong Offer Shares will commence from Wednesday, June 30, 2021 through to Monday, July 12, 2021. Such time period is longer than the normal market practice of 3.5 days. The application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving banks on behalf of our Company and the refund monies, if any, will be returned to the applicant(s) without interest on Friday, July 16, 2021. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Monday, July 19, 2021.

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, July 12, 2021, the last application day or such later time described in "10. Effect of Bad Weather on the Opening of the Application Lists" in this section of this prospectus.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions on the Application Form carefully; otherwise your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** Service Provider, among other things, you:

(a) **undertake** to execute all relevant documents and instruct and authorize us and/or the Sole Global Coordinator (or its agents or nominees) as agents for us to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees, as required by the Articles of Association;

(b) **agree** to comply with the Companies Ordinance, the Companies (WUMP) Ordinance and the Articles of Association;

(c) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to bound by them;

(d) **confirm** that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information and representations except those in any supplement to this prospectus;

(e) **confirm** that you are aware of the restrictions on the Global Offering in this prospectus;

(f) **agree** that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for the information and representations not in this prospectus (and any supplement to this prospectus);

(g) **undertake** and **confirm** that, you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(h) **agree** to disclose to us, the Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the Underwriters and/or their respective advisors and agents personal data which they may require about you and the person(s) for whose benefit you have made the application;

(i) if the laws of any place outside Hong Kong apply to your application, **agree** and **warrant** that you have complied with all such laws and none of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(j) **agree** that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(k) **agree** that your application will be governed by the laws of Hong Kong;

(l) **represent**, **warrant** and **undertake** that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(m) **warrant** that the information you have provided is true and accurate;

(n) **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(o) **authorize** our Company to place your name(s) or the name of 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 our Company's agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on your Application Form, unless you are eligible to collect your Share certificate(s) and/or refund cheque(s) in person;

(p) **declare** and **represent** that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(q) **understand** that we and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(r) (if the application is made for your own benefit) **warrant** that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(s) (if you are making the application as an agent for the benefit of another person) **warrant** that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General Information

Individuals who meet the criteria in "2. Who can apply for Hong Kong Offer Shares" section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications Under the White Form eIPO

Your may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Wednesday, June 30, 2021 until 11:30 a.m. on Monday, July 12, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, July 12, 2021 or such later time described in "10. Effect of Bad Weather on the Opening of the Application Lists" in this section of this prospectus.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (WUMP) 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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "Sanxun Holdings Group Limited" **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General Information

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System at **https://ip.ccass.com** (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One and Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to us, the Sole Global Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(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:

(a) **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 stock account of the CCASS Participant on your behalf or your CCASS Investor Participant's stock account;

(b) **agree** to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

(c) **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;

(d) (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;

(e) (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly **authorized** to give those instructions as their agent;

(f) **confirm** that you understand that we, our Directors, and the Sole Global Coordinator 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;

(g) **authorize** us to place the name of HKSCC Nominees on the register of members of our Company 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;

(h) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(i) **confirm** that you have received and/or read a copy of this prospectus and have only relied 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;

(j) **agree** that none of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents or advisors and any other parties involved in the Global Offering, is or will be liable for the information and representations not contained in this prospectus (and any supplement to it);

(k) **agree** to disclose your personal data to us, our Hong Kong Share Registrar, the receiving banker, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, and/or any of their respective advisors and agents;

(l) **agree** (without prejudice to any other rights which you may have) that once the application of HKSCC Nominees has been accepted, it cannot be rescinded for innocent misrepresentation;

(m) **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of us agreeing that we will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

(n) **agree** that once the application of HKSCC Nominees is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by us;

(o) **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving of **electronic application instructions** to apply for the Hong Kong Offer Shares;

(p) **agree** with us, for ourselves and for the benefit of each of our shareholders (and so that we will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of our shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (WUMP) Ordinance and the Articles of Association; and

(q) **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 us or any other person in respect of the things mentioned below:

(a) instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

(b) instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and 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 Stock Exchange trading fee), by crediting your designated bank account; and

(c) instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Subscription Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions*(Note)*

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the specified times on the following dates:

Wednesday, June 30, 2021	**—**	**9:00 a.m. to 8:30 p.m.**
Friday, July 2, 2021	**—**	**8:00 a.m. to 8:30 p.m.**
Saturday, July 3, 2021	**—**	**8:00 a.m. to 1:00 p.m.**
Monday, July 5, 2021	**—**	**8:00 a.m. to 8:30 p.m.**
Tuesday, July 6, 2021	**—**	**8:00 a.m. to 8:30 p.m.**
Wednesday, July 7, 2021	**—**	**8:00 a.m. to 8:30 p.m.**
Thursday, July 8, 2021	**—**	**8:00 a.m. to 8:30 p.m.**
Friday, July 9, 2021	**—**	**8:00 a.m. to 8:30 p.m.**
Monday, July 12, 2021	**—**	**8:00 a.m. to 12:00 noon**

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, June 30, 2021 until 12:00 noon on Monday, July 12, 2021 (24 hours daily, except on Monday, July 12, 2021, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, July 12, 2021, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Application Lists" in this section of this prospectus.

Note: These times in this subsection are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or Investor Participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purpose of considering whether multiple applications have been made.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, we 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 (WUMP) Ordinance (as applied by section 342E of the Companies (WUMP) Ordinance).

Personal Data

The section in the Application Form entitled "Personal Data" applies to any personal data held by us, the Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data and any other information 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 **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. We, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems in the connection to the CCASS Phone System or the 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 Center to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, July 12, 2021.

8. HOW MANY APPLICATIONS YOU MAY 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:

(a) an account number; or

(b) some other identification code

for each beneficial owner (or, in the case of joint beneficial owners, for each such 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 **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

(a) the principal business of that company is dealing in securities; and

(b) you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

(a) control the composition of the board of directors of the company; or

(b) control more than half of the voting power of the company; or

(c) 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 Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Form.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to participants of the Stock Exchange, the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

Further details on the Offer Price is set out in "Structure of the Global Offering —Pricing and allocation" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The Application Lists will not open if there is/are:

(a) a tropical cyclone warning signal number 8 or above;

(b) a "black" rainstorm warning signal; and/or

(c) Extreme Conditions.

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, July 12, 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, July 12, 2021 or if there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

We expect to announce the final Offer Price, the level of indications of interest in the International Offering and the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Friday, July 16, 2021 on our website at **www.sanxungroup.com**, and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be made available at the times and date and in the manner specified below:

(a) in the announcement to be posted on our website at **www.sanxungroup.com** on and the website of the Stock Exchange at **www.hkexnews.hk** by no later than Friday, July 16, 2021;

(b) from the designated results of allocation website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Friday, July 16, 2021 to 12:00 midnight on Thursday, July 22, 2021;

(c) by results telephone enquiry line by calling (+852) 2862 8555 between 9:00 a.m. and 6:00 p.m. on Friday, July 16, 2021, Monday, July 19, 2021, Tuesday, July 20, 2021 and Wednesday, July 21, 2021; and

(d) in the special allocation results booklets which will be available for inspection during opening hours from Friday, July 16, 2021 to Monday, July 19, 2021 at the designated receiving bank branches.

If we accept your offer to purchase (in whole or in part), which we 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. Further details are contained in "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 HONG KONG OFFER SHARES

You should note the following situations in which 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 **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with us.

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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If we or our agents exercise our discretion to reject your application

We, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reason.

(iii) If the allotment of Hong Kong Offer Shares is void

The allotment of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Hong Kong Offer Shares either:

(a) within three weeks from the closing date of the application lists; or

(b) within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

(iv) If:

(a) you make multiple applications or suspected multiple applications;

(b) you or the person for whose benefit you apply for 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;

(c) your Application Form is not completed in accordance with the stated instructions;

(d) your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;

(e) your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;

(f) the Underwriting Agreements do not become unconditional or are terminated;

(g) we or the Sole Global Coordinator believe(s) that by accepting your application, we or it would violate applicable securities or other laws, rules or regulations;

(h) your application is for more than 50% of the Hong Kong Offer Shares initially offered in 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$5.20 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering—Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Friday, July 16, 2021.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND CHEQUES

You will receive one Share certificate for all the Hong Kong Offer Shares issued to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary documents of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** 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:

(a) Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

(b) refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, 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 Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Friday, July 16, 2021. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, July 19, 2021, provided that the Global Offering has become unconditional and the right of termination described in "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Underwriting Agreement—Grounds for termination" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

15. PERSONAL COLLECTION

(a) 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) (where applicable) and/or Share certificate(s) from Computershare Hong Kong Investor Services Limited, our Hong Kong Share Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, July 16, 2021 or any other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address as 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 Share certificate(s) and/or refund cheque(s) will be sent to the address on your Application Form on or before Friday, July 16, 2021 by ordinary post at your own risk.

(b) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as those for **WHITE** Application Form applicants as described above for collecting refund cheque(s). If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on your Application Form on or before Friday, July 16, 2021 by ordinary post at your own risk.

If you apply using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Friday, July 16, 2021 or upon contingency, on any other date as shall be 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 the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, we expect to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "How to Apply for Hong Kong Offer Shares—11. Publication of results" in this prospectus on Friday, July 16, 2021. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Friday, July 16, 2021 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account, you can check the number of Hong Kong Offer Shares allocated to you via the CCASS Phone System and the CCASS Internet System.

(c) If you apply through the White Form eIPO service

If you apply for 1,000,000 or more Hong Kong Offer Shares and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, July 16, 2021, or such other date as notified by our Company in newspapers as the date of dispatch/collection of Share certificate(s)/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Friday, July 16, 2021 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to the bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your risk.

(d) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating the 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 each such instruction is given will be treated as an applicant.

Deposit of Share certificates into CCASS and refund of application monies

If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated stock account of the CCASS Participant or your CCASS Investor Participant stock account on Friday, July 16, 2021 or, on any other date determined by HKSCC or HKSCC Nominees.

We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner), your Hong Kong Identity Card/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 described in "How to Apply for Hong Kong Offer Shares—11. Publication of Results" in this prospectus on Friday, July 16, 2021. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Friday, July 16, 2021 or such other date as shall be determined by HKSCC or HKSCC Nominees.

If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, July 16, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies (if any) to your designated bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, July 16, 2021.

16. ADMISSION OF THE SHARES INTO CCASS

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

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

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

The following is the text of a report on Sanxun Holdings Group Limited, prepared for the purpose of incorporation in this prospectus received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

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香港鰂魚涌英皇道979號
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The Directors
Sanxun Holdings Group Limited
CCB International Capital Limited

Dear Sirs,

We report on the historical financial information of Sanxun Holdings Group Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-86, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2018, 2019 and 2020 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group as at December 31, 2018, 2019 and 2020 and the statements of financial position of the Company as at December 31, 2018, 2019 and 2020, and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-86 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 30, 2021 (the "**Prospectus**") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**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' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at December 31, 2018, 2019 and 2020 and of the financial position of the Company as at December 31, 2018, 2019 and 2020, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
June 30, 2021

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31, 2018	2019	2020
		RMB'000	RMB'000	RMB'000
REVENUE	5	723,914	3,108,726	3,946,091
Cost of sales		(517,076)	(2,130,109)	(2,881,130)
GROSS PROFIT		206,838	978,617	1,064,961
Other income and gains	5	6,781	9,652	12,449
Selling and distribution expenses		(69,288)	(143,803)	(200,203)
Administrative expenses		(42,602)	(104,161)	(188,662)
Other expenses		(5,279)	(9,224)	(16,549)
Finance costs	7	(8,646)	(44,313)	(22,087)
Share of profits and losses of associates	15	–	(4,124)	(6,620)
PROFIT BEFORE TAX	6	87,804	682,644	643,289
Income tax expense	10	(42,812)	(287,323)	(275,593)
PROFIT FOR THE YEAR		44,992	395,321	367,696
Attributable to:				
Owners of the parent		57,623	442,121	367,253
Non-controlling interests		(12,631)	(46,800)	443
		44,992	395,321	367,696
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		44,992	395,321	367,696
Attributable to:				
Owners of the parent		57,623	442,121	367,253
Non-controlling interests		(12,631)	(46,800)	443
		44,992	395,321	367,696
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted	12	N/A	N/A	N/A

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	December 31, 2018	2019	2020
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	23,002	37,479	28,499
Right-of-use assets	14(a)	–	5,986	51,549
Investments in associates	15	–	53,816	25,562
Deferred tax assets	16	166,708	291,208	380,531
Total non-current assets		189,710	388,489	486,141
CURRENT ASSETS				
Properties under development	17	4,739,851	9,536,877	11,656,637
Completed properties held for sale	18	213,225	204,263	540,891
Due from related parties	34	174,714	51,429	40,392
Due from a shareholder	34	4,055	–	–
Prepayments, other receivables and other assets	19	1,468,259	1,412,642	1,723,663
Financial assets at fair value through profit or loss	21	2,102	22,631	–
Tax recoverable		83,148	130,306	209,805
Restricted cash	22	646,805	1,129,495	1,477,174
Pledged deposits	22	102,558	179,669	307,232
Cash and cash equivalents	22	81,649	285,515	457,430
Contract cost assets	20	30,496	35,115	64,114
Total current assets		7,546,862	12,987,942	16,477,338
CURRENT LIABILITIES				
Trade and bills payables	23	652,841	1,201,600	1,429,801
Other payables and accruals	24	660,884	1,718,590	1,902,844
Contract liabilities	25	5,106,005	7,483,042	9,458,949
Due to related parties	34	4,443	–	3,709
Interest-bearing bank and other borrowings	26	709,659	870,743	1,065,298
Lease liabilities	14(b)	–	3,670	12,823
Tax payable	10	97,752	289,837	468,530
Total current liabilities		7,231,584	11,567,482	14,341,954
NET CURRENT ASSETS		**315,278**	**1,420,460**	**2,135,384**
TOTAL ASSETS LESS CURRENT LIABILITIES		**504,988**	**1,808,949**	**2,621,525**

	Notes	December 31, 2018	2019	2020
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	*26*	–	886,317	1,031,154
Lease liabilities	*14(b)*	–	2,429	39,025
Loan from a related party	*34*	–	39,256	–
Deferred tax liabilities	*16*	–	240	8,791
Total non-current liabilities		–	928,242	1,078,970
NET ASSETS		**504,988**	**880,707**	**1,542,555**
EQUITY				
Equity attributable to owners of the parent				
Share capital	*27*	–	–	–
Reserves	*28*	342,659	580,506	947,759
		342,659	**580,506**	**947,759**
Non-controlling interests		**162,329**	**300,201**	**594,796**
TOTAL EQUITY		**504,988**	**880,707**	**1,542,555**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						
	Share capital	Merger reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 27	*Note 28(a)*	*Note 28(b)*				
As at January 1, 2018	–	242,000	11,844	61,192	315,036	72,860	387,896
Profit and total comprehensive income for the year	–	–	–	57,623	57,623	(12,631)	44,992
Capital payment to the then equity shareholders under common control	–	(30,000)	–	–	(30,000)	–	(30,000)
Considerations paid for the acquisition of a non-controlling interest by the Group	–	–	–	–	–	(8,000)	(8,000)
Capital contribution from non-controlling shareholders	–	–	–	–	–	110,100	110,100
Appropriations to statutory surplus reserve	–	–	11,252	(11,252)	–	–	–
As at December 31, 2018 and January 1, 2019	–	212,000*	23,096*	107,563*	342,659	162,329	504,988
Profit and total comprehensive income for the year	–	–	–	442,121	442,121	(46,800)	395,321
Capital payment to the then equity shareholders under common control	–	(199,954)	–	–	(199,954)	–	(199,954)
Considerations paid for the acquisition of a non-controlling interest by the Group	–	(4,320)	–	–	(4,320)	(7,780)	(12,100)
Capital contribution from non-controlling shareholders	–	–	–	–	–	192,452	192,452
Appropriations to statutory surplus reserve	–	–	52,748	(52,748)	–	–	–
As at December 31, 2019	–	7,726*	75,844*	496,936*	580,506	300,201	880,707

	Attributable to owners of the parent						
	Share capital	Merger reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 *Note 27*	*RMB'000* *Note 28(a)*	*RMB'000* *Note 28(b)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2019 and January 1, 2020	–	7,726	75,844	496,936	580,506	300,201	880,707
Profit and total comprehensive income for the year	–	–	–	367,253	367,253	443	367,696
Disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	23,652	23,652
Capital contribution from non-controlling shareholders	–	–	–	–	–	263,200	263,200
Acquisition of a subsidiary *(note 30)*	–	–	–	–	–	7,300	7,300
Appropriations to statutory surplus reserve	–	–	47,685	(47,685)	–	–	–
As at December 31, 2020	–	7,726*	123,529*	816,504*	947,759	594,796	1,542,555

* These reserve accounts comprise the consolidated reserves of RMB342,659,000, RMB580,506,000 and RMB947,759,000 in the consolidated statements of financial position as at December 31, 2018, 2019 and 2020, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31, 2018	2019	2020
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		87,804	682,644	643,289
Adjustments for:				
Depreciation of items of property, plant and equipment	6, 13	6,217	12,936	16,731
Depreciation of right-of-use assets	6, 14(a)	–	982	3,819
Finance costs	7	8,646	44,313	22,087
Gain on disposal of items of property, plant and equipment, net		–	–	(112)
Share of profits and losses of associates	15	–	4,124	6,620
Fair value gains on financial assets at fair value through profit or loss	5	(2)	(61)	–
Gain on disposal of a subsidiary	5, 31	–	(111)	(2)
Gain on disposal of an associate	5	–	–	(2,366)
Interest income	5	(2,416)	(6,345)	(7,626)
Finance lease rental payments		–	99	–
		100,249	738,581	682,440
Increase in properties under development and completed properties held for sale		(2,303,069)	(4,451,410)	(1,740,111)
Increase in restricted cash		(440,048)	(482,690)	(347,679)
Increase in pledged deposits		(69,666)	(77,111)	(127,563)
(Increase)/decrease in prepayments, deposits and other receivables		(168,588)	407,174	30,823
Increase in contract cost assets		(20,195)	(4,619)	(28,999)
Increase in trade and bills payables		293,525	548,759	222,535
(Decrease)/increase in other payables and accruals		(6,926)	91,778	(65,754)
Increase in contract liabilities		2,745,240	2,125,485	1,578,590
(Decrease)/increase in amounts due to related parties		(7,714)	(2,472)	3,709
Cash generated from/(used in) operations		**122,808**	**(1,106,525)**	**207,991**
Interest received		2,416	6,345	7,626
Interest paid		(61,222)	(123,058)	(239,727)
Tax paid		(490,325)	(675,254)	(334,338)
Net cash flows used in operating activities		**(426,323)**	**(1,898,492)**	**(358,448)**

	Notes	Year ended December 31, 2018	2019	2020
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment	13	(18,688)	(27,418)	(8,439)
Disposal of a subsidiary	31	–	(377)	(47)
Acquisition of a subsidiary	30	–	–	(2,582)
Acquisition of an associate		–	(57,940)	–
Disposal of an associate		–	–	24,000
Proceeds from disposal of items of property, plant and equipment		–	5	1,509
(Increase)/decrease in financial assets at fair value through profit or loss		(2,100)	(20,468)	22,631
Interest income		–	–	354
(Decrease)/increase in loan and receivable		(45,100)	45,100	–
Advances to associates		–	(86,109)	(88,321)
Repayment of advances to associates		–	34,680	99,358
Net cash flows (used in)/from investing activities		**(65,888)**	**(112,527)**	**48,463**

	Notes	Year ended December 31, 2018	2019	2020
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital payment to the then equity shareholders under common control		(30,000)	(199,954)	–
Considerations paid for acquisition of a non-controlling interest by the Group		(8,000)	(12,100)	–
Disposal of partial interests in a subsidiary without losing control		–	–	23,652
Capital contribution from the non-controlling shareholders		84,600	192,452	263,200
Advances from/(repayments to) non-controlling shareholders of subsidiaries		364,635	972,000	(102,785)
Advance to a controlling shareholder		(455,776)	–	–
Repayment of an advance to a controlling shareholder		485,983	4,055	–
Advances to other related parties		(132,287)	(30)	(10,000)
Repayment of advances to other related parties		–	174,744	10,000
Advances from related parties		45	–	–
Repayment of advances from related parties		(3,924)	(1,971)	–
Loan from a company controlled by the controlling shareholder		–	50,000	–
Repayment of a loan from a company controlled by the controlling shareholder		–	(10,744)	(39,256)
Principal portion of lease payments		–	(968)	(2,303)
Proceeds from interest-bearing bank and other borrowings		811,743	2,516,400	1,370,476
Repayment of interest-bearing bank and other borrowings		(590,886)	(1,468,999)	(1,031,084)
Net cash flows from financing activities		526,133	2,214,885	481,900

	Note	Year ended December 31, 2018	2019	2020
		RMB'000	*RMB'000*	*RMB'000*
NET INCREASE IN CASH AND CASH EQUIVALENTS		**33,922**	**203,866**	**171,915**
Cash and cash equivalents at beginning of year		47,727	81,649	285,515
CASH AND CASH EQUIVALENTS AT END OF YEAR		**81,649**	**285,515**	**457,430**
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	22	831,012	1,594,679	2,241,836
Less: Restricted cash	22	646,805	1,129,495	1,477,174
Pledged deposits	22	102,558	179,669	307,232
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CASH FLOWS		**81,649**	**285,515**	**457,430**

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
CURRENT ASSETS			
Cash and cash equivalents	–	–	1
Total current assets	–	–	1
CURRENT LIABILITIES	–	–	3
NET CURRENT ASSETS	–	–	(2)
TOTAL ASSETS LESS CURRENT LIABILITIES	–	–	(2)
NET ASSETS	**–**	**–**	**(2)**
EQUITY			
Share capital*	–	–	–
Reserves	–	–	(2)
TOTAL EQUITY	–	–	(2)

* The Company was incorporated in the Cayman Islands on November 23, 2018. Details are disclosed in note 27.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the subsidiaries now comprising the Group were involved in property development. The immediate holding company of the Company is Q Kun Ltd. The controlling shareholder of the Group is Mr. Qian Kun (the "**Controlling Shareholder**").

The Company and its subsidiaries now comprising the Group underwent the Reorganization which was completed on August 6, 2019 as set out in the paragraph headed "The Reorganization" in the section headed "History, Reorganization and Group Structure" in the Prospectus (the "**Reorganization**").

As at the date of this report, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Subsidiaries	Note	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Directly held:					
Sanxun Ltd.**	(1)	British Virgin Islands December 7, 2018	US$50,000	100%	Investment holding
Tongxun Limited**	(1)	British Virgin Islands May 7, 2019	US$50,000	100%	Investment holding
Indirectly held:					
三巽香港有限公司 Sanxun (HK) Ltd.**	(1)	Hong Kong of China December 18, 2018	HK$1	100%	Investment holding
眾贏香港有限公司 Zhong Ying (HK) Limited**	(1)	Hong Kong of China May 21, 2019	HK$1	100%	Investment holding
三巽(安徽)企業管理有限公司 Sanxun (Anhui) Enterprise Management Co., Ltd.*	(1)	People's Republic of China ("**PRC**")/ Mainland China March 28, 2019	RMB10,000,000	100%	Investment holding
滁州嘉瑞投資發展有限公司 Chuzhou Jiarui Investment Development Co., Ltd.***	(1)	PRC/Mainland China August 23, 2012	RMB50,000,000	60%	Property development
滁州三巽置業有限公司 Chuzhou Sanxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China March 31, 2010	RMB500,000,000	100%	Property development
明光三巽置業有限公司 Mingguang Sanxun Real Estate**	(1)	PRC/Mainland China November 2, 2015	RMB20,000,000	100%	Property development

Subsidiaries	Note	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
明光三巽壹號院置業有限公司 Mingguang Sanxun Yihaoyuan Real Estate Co., Ltd.**	(1)	PRC/Mainland China May 15, 2017	RMB20,000,000	100%	Property development
明光三巽明中置業有限公司 Mingguang Sanxun Mingzhong Real Estate Co., Ltd.**	(1)	PRC/Mainland China July 3, 2017	RMB50,000,000	100%	Property development
亳州三巽城南置業有限公司 Bozhou Sanxun Chengnan Real Estate Co., Ltd.**	(1)	PRC/Mainland China December 15, 2016	RMB50,000,000	100%	Property development
鳳陽三巽置業有限公司 Fengyang Sanxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China May 9, 2017	RMB20,000,000	100%	Property development
滁州三巽蘇滁置業有限公司 Chuzhou Sanxun Suchu Real Estate Co., Ltd.**	(1)	PRC/Mainland China November 14, 2016	RMB50,000,000	100%	Property development
滁州三巽城南置業有限公司 Chuzhou Sanxun Chengnan Real Estate Co., Ltd.**	(1)	PRC/Mainland China November 29, 2016	RMB20,000,000	100%	Property development
利辛縣三巽置業有限公司 Lixin Sanxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China May 26, 2016	RMB30,000,000	100%	Property development
利辛縣三巽中通置業有限公司 Lixin Sanxun Zhongtong Real Estate Co., Ltd.***	(1)	PRC/Mainland China July 31, 2018	RMB30,000,000	60%	Property development
利辛縣三巽建投置業有限公司 Lixin Sanxun Jiantou Real Estate Co., Ltd.***	(1)	PRC/Mainland China May 18, 2017	RMB20,000,000	70%	Property development
利辛縣三巽邦泰置業有限公司 Lixin Sanxun Bangtai Real Estate Co., Ltd.***	(1)	PRC/Mainland China March 9, 2018	RMB50,000,000	51%	Property development
亳州三巽置業有限公司 Bozhou Sanxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China July 13, 2016	RMB100,000,000	100%	Property development
亳州三巽公館置業有限公司 Bozhou Sanxun Gongguan Real Estate Co., Ltd.**	(1)	PRC/Mainland China September 11, 2017	RMB20,000,000	100%	Property development
亳州三巽金芙蓉置業有限公司 Bozhou Sanxun Jinfurong Real Estate Co., Ltd.*** ("**Sanxun Jinfurong**") *(Note(a))*	(1)	PRC/Mainland China August 15, 2017	RMB50,000,000	48%	Property development

Subsidiaries	Note	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
亳州建投三巽置業有限公司 Bozhou Jiantou Sanxun Real Estate Co., Ltd.***	(1)	PRC/Mainland China January 3, 2018	RMB50,000,000	70%	Property development
淮北三巽置業有限公司 Huaibei Sanxun Real Estate Co., Ltd.***	(1)	PRC/Mainland China April 4, 2018	RMB32,500,000	60%	Property development
寧陽三巽置業有限公司 Ningyang Sanxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China June 11, 2018	RMB50,000,000	100%	Property development
徐州巽盛置業有限公司 Xuzhou Xunsheng Real Estate Co., Ltd.***	(1)	PRC/Mainland China July 3, 2018	RMB50,000,000	51%	Property development
合肥三巽置業有限公司 Hefei Sanxun Real Estate Co., Ltd.*** ("**Hefei Sanxun**")	(1)	PRC/Mainland China December 19, 2018	RMB83,340,000	60%	Property development
壽縣京僑置業有限公司 Shouxian Jingqiao Real Estate Co., Ltd.*** ("**Shouxian Jingqiao**") *(Note(a))*	(1)	PRC/Mainland China December 27, 2018	RMB47,076,923	35%	Property development
阜陽上郡房地產有限公司 Fuyang Shangjun Real Estate Co., Ltd.*** ("**Fuyang Shangjun**") *(Note(a))*	(1)	PRC/Mainland China November 8, 2018	RMB50,000,000	34%	Property development
淮南三巽置業有限公司 Huainan Sanxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China January 3, 2019	RMB50,000,000	100%	Property development
南京久巽置業有限公司 Nanjing Jiuxun Real Estate Co., Ltd.***	(1)	PRC/Mainland China January 5, 2019	RMB50,000,000	51%	Property development
南京三巽置業有限公司 Nanjing Sanxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China January 5, 2019	RMB50,000,000	100%	Property development
太湖三巽置業有限公司 Taihu Sanxun Real Estate Co., Ltd.*** ("**Taihu Sanxun**") *(Note(a))*	(1)	PRC/Mainland China March 7, 2019	RMB20,000,000	30%	Property development
合肥同巽置業有限公司 Hefei Tongxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China March 15, 2019	RMB100,000,000	100%	Property development
合肥久巽置業有限公司 Hefei Jiuxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China March 15, 2019	RMB20,000,000	100%	Property development

Subsidiaries	Note	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
宿州三巽國建置業有限公司 Suzhou Sanxun Guojian Real Estate Co., Ltd.**	(1)	PRC/Mainland China March 20, 2019	RMB20,000,000	100%	Property development
宿州三巽置業有限公司 Suzhou Sanxun Real Estate Co., Ltd.*** ("**Suzhou Sanxun**") *(Note(a))*	(1)	PRC/Mainland China March 21, 2019	RMB50,000,000	30%	Property development
合肥澤巽置業有限公司 Hefei Zexun Real Estate Co., Ltd.**	(1)	PRC/Mainland China March 27, 2019	RMB50,000,000	100%	Property development
合肥加澤置業有限公司 Hefei Jiaze Real Estate Co., Ltd.**	(1)	PRC/Mainland China March 27, 2019	RMB50,000,000	100%	Property development
利辛縣三巽中通南城置業有限公司 Lixin Sanxun Zhongtong Nancheng Real Estate Co., Ltd.***	(1)	PRC/Mainland China February 20, 2019	RMB70,000,000	55%	Property development
合肥錦巽置業有限公司 Hefei Jinxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China March 26, 2019	RMB20,000,000	100%	Property development
南京加澤置業有限公司 Nanjing Jiaze Real Estate Co., Ltd.**	(1)	PRC/Mainland China May 17, 2019	RMB95,000,000	100%	Property development
上海同巽置業有限公司 Shanghai Tongxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China April 15, 2019	RMB10,000,000	100%	Property development
亳州久巽置業有限公司 Bozhou Jiuxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China April 16, 2019	RMB100,000,000	100%	Property development
亳州乾巽置業有限公司 Bozhou Qianxun Real Estate Co., Ltd.** ("**Bozhou Qianxun**")	(1)	PRC/Mainland China April 16, 2019	RMB98,039,200	100%	Property development
滁州巽澤置業有限公司 Chuzhou Xunze Real Estate Co., Ltd.**	(1)	PRC/Mainland China April 9, 2019	RMB20,000,000	100%	Property development
滁州錦巽置業有限公司 Chuzhou Jinxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China April 9, 2019	RMB50,000,000	100%	Property development
南京騰巽置業有限公司 Nanjing Tengxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China June 17, 2019	RMB20,000,000	100%	Property development

Subsidiaries	Note	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
南京弘巽房地產開發有限公司 Nanjing Hongxun Properties Development Co., Ltd.*** ("**Nanjing Hongxun**") *(Note(a))*	(1)	PRC/Mainland China May 21, 2019	RMB20,000,000	30%	Property development
安徽弘巽置業有限公司 Anhui Hongxun Real Estate Co., Ltd.*** ("**Anhui Hongxun**") *(Note(a))*	(1)	PRC/Mainland China May 14, 2019	RMB35,000,000	47%	Investment holding
合肥玖叁置業有限公司 Hefei Jiusan Real Estate Co., Ltd.*** ("**Hefei Jiusan**") *(Note(a))*	(1)	PRC/Mainland China April 12, 2019	RMB50,000,000	30%	Property development
滁州加澤置業有限公司 Chuzhou Jiaze Real Estate Co., Ltd.**	(1)	PRC/Mainland China April 9, 2019	RMB20,000,000	100%	Property development
合肥億巽置業有限公司 Hefei Yixun Real Estate Co., Ltd.**	(1)	PRC/Mainland China May 27, 2019	RMB100,000,000	100%	Property development
亳州合巽置業有限公司 Bozhou Hexun Real Estate Co., Ltd.**	(1)	PRC/Mainland China May 20, 2019	RMB20,000,000	100%	Property development
亳州榮巽置業有限公司 Bozhou Rongxun Real Estate Co., Ltd.***	(1)	PRC/Mainland China May 30, 2019	RMB71,430,000	70%	Property development
亳州恒巽置業有限公司 Bozhou Hengxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China May 30, 2019	RMB50,000,000	100%	Property development
渦陽縣泰巽置業有限公司 Guoyangxian Taixun Real Estate Co., Ltd.*** ("**Guoyangxian Taixun**") *(Note(a))*	(1)	PRC/Mainland China May 14, 2019	RMB80,000,000	30%	Property development
利辛縣泰巽置業有限公司 Lixin Taixun Real Estate Co., Ltd.*** ("**Lixinxian Taixun**") *(Note(a))*	(1)	PRC/Mainland China August 10, 2019	RMB20,000,000	34%	Property development
合肥誠巽置業有限公司 Hefei Chengxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China July 30, 2019	RMB20,000,000	100%	Property development
巢湖市世巽置業有限公司 Chaohu Shixun Real Estate Co., Ltd.***	(1)	PRC/Mainland China July 24, 2019	RMB20,000,000	60%	Property development

Subsidiaries	Note	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
滁州騰巽置業有限公司 Chuzhou Tengxun Real Estate Co., Ltd.***	(1)	PRC/Mainland China July 25, 2019	RMB22,222,200	90%	Property development
滁州恒巽置業有限公司 Chuzhou Hengxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China July 25, 2019	RMB20,000,000	100%	Property development
滁州久巽置業有限公司 Chuzhou Jiuxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China July 25, 2019	RMB20,000,000	100%	Property development
滁州榮巽置業有限公司 Chuzhou Rongxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China July 25, 2019	RMB20,000,000	100%	Property development
南京淳巽置業有限公司 Nanjing Chunxun Real Estate Co., Ltd.** *(Note (b))*	(1)	PRC/Mainland China August 16, 2019	RMB20,000,000	100%	Property development
南京溪巽置業有限公司 Nanjing Xixun Real Estate Co., Ltd.** *(Note (b))*	(1)	PRC/Mainland China August 16, 2019	RMB20,000,000	100%	Property development
濟南三巽置業有限公司 Jinan Sanxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China July 10, 2019	RMB100,000,000	100%	Property development
濟南久巽置業有限公司 Jinan Jiuxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China July 24, 2019	RMB20,000,000	100%	Property development
濟南合巽置業有限公司 Jinan Hexun Real Estate Co., Ltd.**	(1)	PRC/Mainland China July 24, 2019	RMB20,000,000	100%	Property development
濟南乾巽置業有限公司 Jinan Qianxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China July 24, 2019	RMB20,000,000	100%	Property development
上海久巽企業管理諮詢有限公司 Shanghai Jiuxun Enterprise Management Consulting Co., Ltd.**	(1)	PRC/Mainland China August 8, 2019	RMB10,000,000	100%	Property development
鄒城中鈺房地產有限公司 Zoucheng Zhongyu Real Estate Co., Ltd.***	(1)	PRC/Mainland China September 6, 2019	RMB40,816,326	51%	Property development
亳州巽晟置業有限公司 Bozhou Xunsheng Real Estate Co., Ltd.*** ("**Bozhou Xunsheng**") *(Note(a))*	(1)	PRC/Mainland China July 14, 2020	RMB50,000,000	35%	Property development

Subsidiaries	Note	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
靈璧三巽置業有限公司 Lingbi Sanxun Real Estate Co., Ltd.***	(1)	PRC/Mainland China June 4, 2020	RMB50,000,000	80%	Property development
廣德晟發房地產有限公司 Guangde Shengfa Real Estate Co., Ltd.*** ("**Guangde Shengfa**") *(Note(a))*	(1)	PRC/Mainland China June 28, 2019	RMB10,000,000	27%	Property development
懷遠縣同巽置業有限公司 Huaiyuan Tongxun Real Estate Co., Ltd.***	(1)	PRC/Mainland China June 24, 2020	RMB20,000,000	87%	Property development
懷遠巽森置業有限公司 Huaiyuan Xunsen Real Estate Co., Ltd.***	(1)	PRC/Mainland China July 13, 2020	RMB20,000,000	87%	Property development
懷遠巽桂置業有限公司 Huaiyuan Xungui Real Estate Co., Ltd.***	(1)	PRC/Mainland China July 13, 2020	RMB20,000,000	87%	Property development
懷遠巽茂置業有限公司 Huaiyuan Xunmao Real Estate Co., Ltd.***	(1)	PRC/Mainland China July 13, 2020	RMB20,000,000	87%	Property development
滁州久巽企業管理有限公司 Chuzhou Jiuxun Enterprise Management Co., Ltd.**	(1)	PRC/Mainland China October 12, 2020	RMB10,000,000	100%	Property development
江陰市澄潤置業有限公司 Jiangyin Chengrun Real Estate Co., Ltd.*** ("**Jiangyin Chengrun**") *(Note(a))*	(1)	PRC/Mainland China August 12, 2020	RMB100,000,000	31%	Property development
江陰市旭潤置業有限公司 Jiangyin Xurun Real Estate Co., Ltd.*** ("**Jiangyin Xurun**") *(Note(a))*	(1)	PRC/Mainland China August 12, 2020	RMB100,000,000	31%	Property development
江陰梁晟置業有限公司 Jiangyin Liangsheng Real Estate Co., Ltd.***	(1)	PRC/Mainland China November 9, 2020	RMB81,630,000	51%	Property development
上海三巽置業有限公司 Shanghai Sanxun Real Estate Co., Ltd.**	(1)	PRC/Mainland China July 13, 2020	RMB50,000,000	100%	Property development
上海溪巽建材貿易有限公司 Shanghai Xixun Building Material Trading Co., Ltd.**	(1)	PRC/Mainland China July 20, 2020	RMB5,000,000	100%	Trading
上海震盛營銷策劃有限公司 Shanghai Zhensheng Marketing and Planning Co., Ltd.**	(1)	PRC/Mainland China July 20, 2020	RMB1,000,000	100%	Trading

Subsidiaries	Note	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Indirectly held: (continued)					
上海榮巽建材貿易有限公司 Shanghai Rongxun Building Material Trading Co., Ltd.**	(1)	PRC/Mainland China December 22, 2020	RMB20,000,000	100%	Trading
上海威巽建材貿易有限公司 Shanghai Weixun Building Material Trading Co., Ltd.**	(1)	PRC/Mainland China January 28, 2021	RMB10,000,000	100%	Trading
亳州堯巽企業管理諮詢有限公司 Bozhou Yaoxun Enterprise Management Consulting Co., Ltd.**	(1)	PRC/Mainland China February 2, 2021	RMB5,000,000	100%	Investment holding
錦巽(上海)企業管理有限公司 Jinxun (Shanghai) Enterprise Management Co., Ltd.**	(1)	PRC/Mainland China February 2, 2021	RMB10,000,000	100%	Investment holding
無錫巽億置業有限公司 Wuxi Xunyi Real Estate Co., Ltd.**	(1)	PRC/Mainland China February 10, 2021	RMB10,000,000	100%	Property development
滁州鑫興置業有限公司 Chuzhou Xinxing Real Estate Co., Ltd.***	(1)	PRC/Mainland China March 15, 2021	RMB50,000,000	34%	Property development

The People's Republic of China is hereafter referred to as "PRC".
The Renminbi Yuan is hereafter referred to as "RMB".
The Hong Kong Dollar is hereafter referred to as "HKD".
The United States Dollar is hereafter referred to as "USD".

* Sanxun (Anhui) Enterprise Management Co., Ltd. is registered as a foreign-owned enterprise under PRC law.

** These companies are wholly-owned subsidiaries of the Company.

*** These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company having control over them.

(1) No audited financial statements have been prepared and issued for these entities for the years ended December 31, 2018, 2019 and 2020 as these companies are required by the local government to prepare statutory accounts.

Note (a): The Group was granted more than a majority of voting rights in the shareholders' meeting according to the contractual arrangement and articles of association with the equity holders, which gives the Group the current ability to direct the relevant activities of these entities, therefore, these entities were accounted for as subsidiaries of the Group.

	Percentage of voting rights held by the Group
Sanxun Jinfurong	100%
Shouxian Jingqiao	51%
Fuyang Shangjun	51%
Taihu Sanxun	51%
Suzhou Sanxun	51%
Nanjing Hongxun	70%
Hefei Jiusan	51%
Anhui Hongxun	51%
Guoyangxian Taixun	51%
Lixinxian Taixun	51%
Bozhou Xunsheng	51%
Guangde Shengfa	51%
Jiangyin Xurun	67%
Jiangyin Chengrun	67%

Note (b): The percentage of attributable equity interests presented is the percentage of beneficiary interests held by the Group. The equity interests in these entities legally held by the Group are lower than the beneficiary interests because of the existence of the trust financing arrangement which is recognised as borrowings.

The Group legally transferred the equity interests in the following subsidiaries as collateral to the trust financing company as at December 31, 2020:

	Percentage of equity transferred as at December 31, 2020
Nanjing Xixun	80%
Nanjing Chunxun	80%

The Group is exposed to variable returns from its involvement and has the ability to affect those returns through its power over the relevant activities of these entities in the ordinary course of business. The trust companies earn fixed return from their investments and their rights in these entities are considered protective in nature. In this regard, the investments from trust companies are treated as liabilities of the Group and these entities are considered as subsidiaries.

2.1 BASIS OF PRESENTATION

Pursuant to the Corporate Restructuring and the Reorganization as more fully explained in the paragraph headed "The Reorganization" in the section headed "History, Reorganization and Group Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on August 6, 2019. The companies now comprising the Group were under the common control of the controlling shareholder before and after the Reorganization. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the controlling shareholder, where this is a shorter period. The consolidated statements of financial position of the Group as at December 31, 2018, 2019 and 2020 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the controlling shareholder's perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganization.

Equity interests in subsidiaries held by parties other than the Controlling Shareholder, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances have been eliminated on combination in full.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"). All IFRSs effective for the accounting period commencing from January 1, 2020, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss ("**FVTPL**") which have been measured at fair value.

The Group has adopted Amendment to IFRS 16 *Covid-19-Related Rent Concessions* (early adopted) for the first time for the year ended December 31, 2020, which provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after June 1, 2020 with earlier application permitted. The Group has early adopted the amendment on January 1, 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the year ended December 31, 2020 as the reduction in the lease payments was insignificant. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

Except for the amendment of IFRS16, the Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in this Historical Financial Information. The Group intends to adopt them, if applicable, when they become effective.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[3]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[3]
Amendments to IAS 28 and IFRS 10	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
IFRS 17	*Insurance Contracts*[4]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[4]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[3]
Annual Improvements to IFRS Standards 2018-2020	*Amendments to IFRS 1, IFRS 9, IAS 41 and Illustrative Examples accompanying IFRS 16*[3]
Amendments to IFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*[4]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to IFRS 17	*Insurance Contracts*[4]

1 Effective for annual periods beginning on or after January 1, 2021
2 No mandatory effective date yet determined but available for adoption
3 Effective for annual periods beginning on or after January 1, 2022
4 Effective for annual periods beginning on or after January 1, 2023

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Business combinations other than those under common control and goodwill

Business combinations other than those under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of the associate is included in the consolidated statements of profit or loss and other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associate is eliminated to the extent of the Group's investment in the associate, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of an associate is included as part of the Group's investment in the associate.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Fair value measurement

The group measured its financial assets at FVTPL at fair value at the end of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, financial assets, properties under development and completed properties held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Motor vehicles	20%-25%
Office and electronic equipment	20%-33%
Temporary facilities improvements	20%-33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value.

Properties under development are classified as current assets unless those will not be realized in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realizable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Leases

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value asset recognition exemption to leases of office equipment that is considered to be of low value (i.e., below RMB30,000). Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, and at fair value through profit or loss ("**FVTPL**").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognise in profit or loss when the asset is derecognized, modified or impaired.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognized as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

Simplified approach

For trade receivables the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, lease liabilities, loans from a related party, amounts due to related parties and interest-bearing bank and other borrowings.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, and through the amortization process.

Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognized initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable for the sale of properties and services provided in the ordinary course of the Group's activities. Revenue is shown, net of taxes.

Sale of properties

Revenue is recognized when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset transfers at a point in time.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of the financing component if it is significant.

For sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

Revenue from other sources

Interest income

Interest income is recognized, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Dividend income

Dividend income is recognized when the shareholders' right to receive payment has been established.

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs assets

Other than the costs which are capitalized as properties under development, completed properties held for sale and property, plant and equipment, costs incurred to fulfill a contract with a customer are capitalized as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalized contract cost assets are amortized and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Employee retirement benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in the Mainland China. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information:

Classification of subsidiaries, joint ventures and associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision-making authorities of an investee, such as board of directors' meetings and shareholders' meetings, as well as other facts and circumstances. As disclosed in note 1(a) to the Historical Financial Information, the Group entered into voting right entrustment agreement or articles of association with the equity holders of some entities, pursuant to which the equity holders agreed to entrust their voting rights attached to certain equity interests in these entities to the Group. Consequently, the Group considers that it controls these entities, notwithstanding the fact that it does not hold the majority of equity interests. Accordingly, these entities have been accounted for as subsidiaries during the Relevant Periods. As disclosed in note 1(b) to the Historical Financial Information, the Group legally transferred partial interests of some entities as collateral to independent trust companies under financing arrangements, pursuant to which, the Group was obliged to repurchase the equity interests held by trust companies at a fixed amount upon repayment of the borrowings. The Group is exposed to variable returns from its involvement and has the ability to affect those returns through its power over the relevant activities of these entities in the ordinary course of business. The trust companies earn fixed returns from their investments and their rights in these entities are considered protective in nature. In this regard, the investments from trust companies are treated as liabilities of the Group and these entities are considered as subsidiaries.

Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 16 to the Historical Financial Information.

Significant financing component in contracts with customers

In determining whether a contract contains a financing component and whether that financing component is significant to the contract, the Group need to assess: (a) the difference, if any, between the amount of the promised consideration and the cash selling price of the promised goods or services; and (b) the combined effect of both of the following: (i) the expected length of time between when the entity transfers the promised goods or services to the customer and when the customer pays for those goods or services; and (ii) the prevailing interest rates in the relevant market. Such determination requires significant judgements. The Group has reviewed the terms of the contracts and realised there are differences between the amount of the promised consideration and the cash selling price of the promised properties where the period between the payment by customers and the transfer of the promised properties exceeds one year. Therefore, the amount of consideration is adjusted for the effect of a significant financing component.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Provision of properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realizable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

*PRC corporate income tax ("**CIT**")*

The Group is subject to corporate income tax in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realize.

*PRC land appreciation tax ("**LAT**")*

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realize.

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 of the Relevant Periods. Other 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 or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development by project location for the purpose of making decisions about resource allocation and performance assessment. As all locations have similar economic characteristics with a similar nature of property development, business processes, types or classes of customer for the aforementioned business and methods used to distribute the properties, all locations were aggregated as one reportable operating segment.

Geographical information

No further geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of properties during the Relevant Periods.

An analysis of revenue is as follows:

Revenue:

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Sale of properties	723,914	3,108,726	3,946,091

Timing of revenue recognition:

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Revenue from the sale of properties:			
Recognized at a point in time	723,914	3,108,726	3,946,091

An analysis of other income and gains is as follows:

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Interest income	2,416	6,345	7,626
Gain on disposal of an associate	–	–	2,366
Forfeiture of deposits	878	410	1,061
Foreign exchange gain	–	697	513
Investment income	3,464	1,382	354
Government grants	–	83	65
Gain on disposal of a subsidiary *(note 31)*	–	111	2
Fair value gains on financial assets at fair value through profit or loss	2	61	–
Others	21	563	462
	6,781	9,652	12,449

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Notes	Year ended December 31, 2018	2019	2020
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold	*18*	517,076	2,130,109	2,881,130
Depreciation of property, plant and equipment	*13*	6,217	12,936	16,731
Depreciation of right-of-use assets	*14(a)*	–	982	3,819
Lease payments not included in the measurement of lease liabilities	*14(c)*	1,093	3,077	4,925
Listing expenses		2,822	12,714	5,194
Auditors' remuneration		77	113	158
Employee benefit expense (including directors' and chief executive's remuneration):				
Wages and salaries (including bonuses)		34,862	78,716	159,219
Pension scheme contributions and social welfare		10,526	7,610	11,359

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31, 2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank and other borrowings	83,258	160,553	205,255
Interest on lease liabilities	–	99	612
Interest expense arising from revenue contracts	154,159	251,552	397,317
Total interest expense on financial liabilities not at fair value through profit or loss	237,417	412,204	603,184
Less: Interest capitalized	228,771	367,891	581,097
	8,646	44,313	22,087

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	1,499	1,542	2,432
Performance-related bonuses*	10	226	150
Pension scheme contributions and social welfare**	495	261	167
	2,004	2,029	2,749

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

** The decrease of pension scheme contributions and social welfare in 2020 mainly due to the exemption of social insurance for the period from February to December 2020, according to security relief policies issued by the Ministry of Human Resources and Social Security and local municipal departments affected by Coronavirus Disease 2019 ("**COVID-19**").

(a) Independent non-executive directors

Mr. Chan Ngai Fan, Mr. Chen Sheng and Mr. Zhou Zejiang were appointed as independent non-executive directors of the Company on September 5, 2019, September 5, 2019 and October 2, 2019 respectively. There was no emolument payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors

Year ended December 31, 2018

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
– Mr. Qian Kun	–	120	–	38	158
– Ms. An Juan	–	120	–	38	158
– Mr. Zhang Xiao Hui	–	727	10	243	980
– Mr. Wang Zi Zhong	–	532	–	176	708
	–	1,499	10	495	2,004

Year ended December 31, 2019

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
– Mr. Qian Kun	–	224	–	55	279
– Ms. An Juan	–	224	–	86	310
– Mr. Zhang Xiao Hui	–	611	90	57	758
– Mr. Wang Zi Zhong	–	483	136	63	682
	–	1,542	226	261	2,029

Year ended December 31, 2020

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
– Mr. Qian Kun	–	577	–	47	624
– Ms. An Juan	–	577	–	61	638
– Mr. Zhang Xiao Hui	–	765	54	25	844
– Mr. Wang Zi Zhong	–	513	96	34	643
	–	2,432	150	167	2,749

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended December 31, 2018, 2019 and 2020 included two, two and one directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the years ended December 31, 2018, 2019 and 2020 of the highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,364	1,867	8,793
Performance-related bonuses	212	–	490
Pension scheme contributions and social welfare	496	597	172
	2,072	2,464	9,455

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended December 31,		
	2018	**2019**	**2020**
Nil to HKD500,000	–	–	–
HKD500,001 to HKD1,000,000	3	3	–
HKD1,000,001 to HKD1,500,000	–	–	–
HKD1,500,001 to HKD2,000,000	–	–	1
HKD2,000,001 to HKD2,500,000	–	–	2
HKD2,500,001 to HKD3,000,000	–	–	–
HKD3,000,001 to HKD3,500,000	–	–	1
	3	3	4

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the companies incorporated in the Cayman Islands and British Virgin Islands respectively are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits currently arising in Hong Kong during the Relevant Periods.

Subsidiaries of the Group operating in Mainland China were subject to the PRC corporate income tax at the rate of 25% for the Relevant Periods.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant the PRC tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
PRC corporate income tax	109,337	265,951	227,603
PRC LAT	26,604	145,641	129,663
Deferred tax	(93,129)	(124,269)	(81,673)
Total tax charge for the year	42,812	287,323	275,593

The Group paid PRC corporate income tax and PRC LAT amounting to RMB152,688,000, RMB266,698,000 and RMB258,072,000 for the years ended December 31, 2018, 2019 and 2020, respectively.

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods is as follows:

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	87,804	682,644	643,289
Tax at the statutory tax rate	21,951	170,661	160,822
Effect of different tax levy enacted by local authorities	–	173	135
Profits and losses attributable to associates	–	1,031	1,655
Expenses not deductible for tax	907	4,873	6,139
Tax losses not recognized	1	1,354	9,595
Provision for LAT	26,604	145,641	129,663
Tax effect on LAT	(6,651)	(36,410)	(32,416)
Tax charge at the Group's effective rate	42,812	287,323	275,593

Tax payable in the consolidated statements of financial position represents:

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Tax payable			
PRC corporate income tax	85,449	174,137	239,771
PRC LAT	12,303	115,700	228,759
	97,752	289,837	468,530

11. DIVIDENDS

No dividends have been declared or paid by the Company since its date of incorporation.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganization and the basis of presentation of the results of the Group for the Relevant Periods as disclosed in note 2.1 to the Historical Financial Information.

13. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Office and electronic equipment	Temporary facilities improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2018				
At January 1, 2018:				
Cost	4,151	2,685	9,561	16,397
Accumulated depreciation	(3,241)	(1,457)	(1,168)	(5,866)
Net carrying amount	910	1,228	8,393	10,531
At January 1, 2018, net of accumulated depreciation	910	1,228	8,393	10,531
Additions	1,438	1,233	16,017	18,688
Depreciation provided during the year *(note 6)*	(582)	(554)	(5,081)	(6,217)
At December 31, 2018, net of accumulated depreciation	1,766	1,907	19,329	23,002
At December 31, 2018:				
Cost	5,589	3,918	25,578	35,085
Accumulated depreciation	(3,823)	(2,011)	(6,249)	(12,083)
Net carrying amount	1,766	1,907	19,329	23,002

December 31, 2019

	Motor vehicles	Office and electronic equipment	Temporary facilities improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019:				
Cost	5,589	3,918	25,578	35,085
Accumulated depreciation	(3,823)	(2,011)	(6,249)	(12,083)
Net carrying amount	1,766	1,907	19,329	23,002
At January 1, 2019, net of accumulated depreciation	1,766	1,907	19,329	23,002
Additions	1,656	1,916	23,846	27,418
Disposals	(5)	–	–	(5)
Depreciation provided during the year *(note 6)*	(576)	(1,059)	(11,301)	(12,936)
At December 31, 2019, net of accumulated depreciation	2,841	2,764	31,874	37,479
At December 31, 2019:				
Cost	7,240	5,834	49,424	62,498
Accumulated depreciation	(4,399)	(3,070)	(17,550)	(25,019)
Net carrying amount	2,841	2,764	31,874	37,479

December 31, 2020

	Motor vehicles	Office and electronic equipment	Temporary facilities improvements	Total
At January 1, 2020:				
Cost	7,240	5,834	49,424	62,498
Accumulated depreciation	(4,399)	(3,070)	(17,550)	(25,019)
Net carrying amount	2,841	2,764	31,874	37,479
At January 1, 2020, net of accumulated depreciation	2,841	2,764	31,874	37,479
Additions	148	2,029	6,262	8,439
Acquisition of subsidiaries *(note 30)*	709	–	–	709
Disposals	(360)	(95)	(942)	(1,397)
Depreciation provided during the year *(note 6)*	(910)	(1,309)	(14,512)	(16,731)
At December 31, 2020, net of accumulated depreciation	2,428	3,389	22,682	28,499
At December 31, 2020:				
Cost	7,737	7,768	54,744	70,249
Accumulated depreciation	(5,309)	(4,379)	(32,062)	(41,750)
Net carrying amount	2,428	3,389	22,682	28,499

14. LEASES

The Group as a lessee

The Group has lease contracts for offices used in its operations. Leases of offices generally have lease terms between 2 and 5 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Office buildings		
	December 31, 2018	**December 31, 2019**	**December 31, 2020**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of the year	–	–	5,986
Additions	–	6,968	52,141
Depreciation charge during the year *(note 6)*	–	(982)	(3,819)
Decrease arising from lease term termination	–	–	(2,759)
Carrying amount at end of the year	–	5,986	51,549

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of the year	–	–	6,099
New leases	–	6,968	52,141
Accretion of interest recognised during the year	–	99	612
Decrease arising from lease term termination	–	–	(2,915)
Payments	–	(968)	(4,089)
Carrying amount at end of the year	–	6,099	51,848
Analysed into:			
Current portion	–	3,670	12,823
Non-current portion	–	2,429	39,025

The maturity analysis of lease liabilities is disclosed in note 37 to Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	–	99	612
Depreciation charge of right-of-use assets	–	982	3,819
Expense relating to short-term leases and leases of low-value assets included in selling and administrative expenses	1,093	3,077	4,925
Total amount recognised in profit or loss	1,093	4,158	9,356

(d) The total cash outflow for leases is disclosed in note 29 to the Historical Financial Information.

15. INVESTMENTS IN ASSOCIATES

	At December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	–	53,816	25,562

The Group's trade receivable and payable balances with its associates are disclosed in note 34 to the Historical Financial Information.

(a) Particulars of the Group's associate are as follows:

As at December 31, 2019

Name	Paid-in capital RMB'000	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
菏澤三巽大瑞置業有限公司 Heze Sanxun Darui Real Estate Co., Ltd. ("**Heze Sanxun Darui**") *(note 1)*	60,000	PRC/Heze, China	40%	40%	40%	Property development
合肥梁錦企業管理諮詢有限公司 Hefei Liangjin Enterprise Management Consulting Co., Ltd. ("**Hefei Liangjin**") *(note 2)*	200,000	PRC/Hefei, China	17.34%	51%	17.34%	Property development

As at December 31, 2020

Name	Paid-in capital RMB'000	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
合肥梁錦企業管理諮詢有限公司 Hefei Liangjin Enterprise Management Consulting Co., Ltd. ("**Hefei Liangjin**") *(note 2)*	200,000	PRC/ Hefei, China	17.34%	51%	17.34%	Property development

Note 1: Heze Sanxun Darui was disposed of in November 2020.

Note 2: Pursuant to the articles of association of Hefei Liangjin, the Group has significant influence by holding 51% voting power, and the other three shareholders hold 17%, 17% and 15% voting power, respectively. However, it requires two thirds of the total voting power to control and operate this entity. Therefore, Hefei Liangjin was accounted for as an associate of the Group during the Relevant Periods.

(b) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Share of the associates' loss for the year	–	(4,124)	(6,620)
Share of the associates' total comprehensive loss	–	(4,124)	(6,620)
Aggregate carrying amount of the Group's investments in the associates	–	53,816	25,562

The associate is accounted for using the equity method in the Historical Financial Information.

The directors assesses whether there are any indicators of impairment for investments in associates at the end of each of the Relevant Periods. As the losses of investments in associates are scheduled loss at the start-up stage, the directors concludes that there are no indicators of impairment of investments in associate.

16. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during each of the Relevant Periods are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits	Unrealized profits	Unrealized revenue received in advance	Unpaid listing fee	Unpaid land value added tax	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2018	2,778	–	71,382	–	–	–	1,995	76,155
Deferred tax credited to profit or loss during the year	1,152	3,722	87,839	503	3,076	–	1,884	98,176
At December 31, 2018 and January 1, 2019	3,930	3,722	159,221	503	3,076	–	3,879	174,331
Disposal of a subsidiary *(note 31)*	(9)	–	–	–	–	–	–	(9)
Deferred tax credited/(charged) to profit or loss during the year	15,759	5,083	83,787	(348)	19,034	–	2,108	125,423
At December 31, 2019 and January 1, 2020	19,680	8,805	243,008	155	22,110	–	5,987	299,745
Deferred tax credited/(charged) to profit or loss during the year	2,223	(643)	51,325	(155)	35,080	12,962	1,019	101,811
At December 31, 2020	21,903	8,162	294,333	–	57,190	12,962	7,006	401,556

Deferred tax liabilities

	Right-of-use	Fair value adjustment arising from business	Sales	Assets combination
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2018	–	–	2,576	2,576
Deferred tax charged to profit or loss during the year	–	–	5,047	5,047
At December 31, 2018 and January 1, 2019	–	–	7,623	7,623
Deferred tax charged to profit or loss during the year	–	–	1,154	1,154
At December 31, 2019 and January 1, 2020	–	–	8,777	8,777
Deferred tax charged to profit or loss during the year	12,887	–	7,251	20,138
Acquisition of a subsidiary *(note 30)*	–	901	–	901
At December 31, 2020	12,887	901	16,028	29,816

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognized in the consolidated statements of financial position	166,708	291,208	380,531
Net deferred tax liabilities recognized in the consolidated statements of financial position	–	(240)	(8,791)
	166,708	290,968	371,740

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from January 1, 2008 and applies to earnings after December 31, 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from January 1, 2008.

At December 31, 2018, 2019 and 2020, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognized totally approximately RMB255,611,000, RMB777,958,000 and RMB1,215,530,000 as at December 31, 2018, 2019 and 2020, respectively.

Tax losses not recognised expires as follows:

	December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
2021	–	–	–
2022	138	138	138
2023	3	3	3
2024	–	5,417	5,417
2025	–	–	38,379
	141	5,558	43,937

Deferred tax assets have not been recognized in respect of these losses as it is not considered probable that taxable profits will be available against in which the tax losses can be utilized.

Deferred tax assets have not been recognized in respect of the deductible temporary differences amounting to approximately RMB1,000, RMB1,354,000 and RMB9,595,000 as at December 31, 2018, 2019 and 2020, respectively, as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

17. PROPERTIES UNDER DEVELOPMENT

	December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	2,361,727	4,739,851	9,536,877
Additions	3,048,915	6,918,173	5,202,338
Acquisition of a subsidiary *(note 30)*	–	–	135,180
Transferred to completed properties held for sale *(note 18)*	(670,791)	(2,121,147)	(3,217,758)
At the end of the year	4,739,851	9,536,877	11,656,637

The Group's properties under development are situated on leasehold lands in Mainland China.

Certain of the Group's properties under development with aggregate carrying amounts of approximately RMB428,000,000, RMB3,288,024,000 and RMB4,060,480,000 as at December 31, 2018, 2019 and 2020, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 26).

18. COMPLETED PROPERTIES HELD FOR SALE

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	59,510	213,225	204,263
Transferred from properties under development *(note 17)*	670,791	2,121,147	3,217,758
Transferred to cost of sales *(note 6)*	(517,076)	(2,130,109)	(2,881,130)
Carrying amount at the end of the year	213,225	204,263	540,891

None of the Group's completed properties held for sale as at December 31, 2018, 2019 and 2020 has been pledged to secure bank and other borrowings granted to the Group.

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for acquisition of land use rights	406,760	183,000	150,800
Prepayments for construction cost	19,511	26,533	8,781
Deposits for a land use right	307,492	40,000	–
Other deposits	36,709	83,170	105,561
Other tax recoverable	574,753	986,978	1,078,890
Due from non-controlling shareholders of the subsidiaries	–	73,768	355,089
Due from third parties	59,690	–	–
Interest receivable	258	–	–
Loan and receivable	45,100	–	–
Other receivables	15,773	7,967	6,566
Other prepayments	2,213	11,226	17,976
	1,468,259	1,412,642	1,723,663

Other receivables are unsecured, non-interest-bearing and repayable on demand.

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries and other receivables was regarded as the grade of performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were minimal as at December 31, 2018, 2019 and 2020.

20. CONTRACT COST ASSETS

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Contract costs arising from sale of properties	30,496	35,115	64,114

Management expected that the contract acquisition costs, which represented primarily sales commission for obtaining property sale contracts, are recoverable. The Group has deferred the amounts paid and will charge them to profit or loss when the related revenue is recognized. As at December 31, 2018, 2019 and 2020, the amounts charged to profit or loss were RMB2,079,000, RMB25,323,000 and RMB28,809,000, respectively, and there was no impairment loss.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Other unlisted investments, at fair value	2,102	22,631	–

The above unlisted investments at December 31, 2018 and 2019 were wealth management products issued by banks in Mainland China.

22. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	831,012	1,594,679	2,241,836
Less: Restricted cash	646,805	1,129,495	1,477,174
Pledged deposits	102,558	179,669	307,232
Cash and cash equivalents	81,649	285,515	457,430

In accordance with relevant government requirements, certain property development subsidiaries of the Group are required to set up designated bank accounts with certain amount of pre-sale proceeds for the construction of the relevant properties. The restricted cash can only be used for payment of construction costs of the relevant properties when approval from the relevant government authority is obtained. Such restricted cash will be released after the completion of construction of the relevant properties. As at December 31, 2018, 2019 and 2020, such restricted cash amounted to RMB646,805,000, RMB1,129,495,000 and RMB1,475,817,000, respectively. As at December 31, 2020, the restricted cash included amount of RMB1,357,000 which was frozen by People's Court due to lawsuits.

Bank deposits of RMB95,919,000, RMB171,051,000 and RMB287,665,000 were pledged as security for purchasers' mortgage loans as at December 31, 2018, 2019 and 2020, respectively. Bank deposits of RMB6,639,000, RMB8,618,000 and RMB19,567,000 were set up as security for construction of project as at December 31, 2018, 2019 and 2020, respectively.

Cash and cash equivalents were denominated in the following currencies:

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents			
Denominated in RMB	81,649	285,499	456,950
Denominated in HKD	–	15	478
Denominated in USD	–	1	2
	81,649	285,515	457,430

The RMB is not freely convertible into other currencies, however, under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks bears interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

The internal credit rating of restricted cash, pledged deposits and cash and cash equivalents was regarded as the grade of performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are minimal.

23. TRADE AND BILLS PAYABLES

An aging analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Less than 1 year	637,085	1,183,151	1,408,779
Over 1 year	15,756	18,449	21,022
	652,841	1,201,600	1,429,801

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

The fair values of trade and bills payables as at the end of each of the Relevant Periods approximated to their corresponding carrying amounts due to their relatively short maturity terms.

24. OTHER PAYABLES AND ACCRUALS

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Retention deposits related to construction	45,221	43,509	57,080
Deposits related to sale of properties	7,768	7,404	16,602
Advances from the non-controlling shareholders of subsidiaries	490,705	1,487,736	1,701,914
Advances from third parties	46,595	35,642	–
Maintenance fund	3,366	8,804	3,334
Interest payable	39,847	77,442	43,582
Payroll and welfare payable	18,889	31,724	39,911
Other tax and surcharges	5,609	9,278	24,924
Accrued liabilities	–	7,400	10,988
Listing expenses payable	2,013	7,636	2,571
Others	871	2,015	1,938
	660,884	1,718,590	1,902,844

Other payables and accruals, except for payroll and welfare payable, other tax and surcharges, are unsecured and non-interest-bearing. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

25. CONTRACT LIABILITIES

The Group recognized the following revenue-related contract liabilities:

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	5,106,005	7,483,042	9,458,949

The Group receives payments from customers based on billing schedules as established in the property sale contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales. The significant changes in the contract liability balances during the Relevant Periods are mainly due to the sales of properties and the delivery of properties. According to the business model of the Group, for revenue recognized from sales of properties, all such revenue is carried forward from contract liabilities during the Relevant Periods.

The expected timing of recognition of revenue at the end of each of the Relevant Periods is as follows:

	December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,264,286	3,751,735	4,401,873
More than 1 year	2,841,719	3,731,307	5,057,076
Contract liabilities	5,106,005	7,483,042	9,458,949

The following table shows the revenue recognized during the Relevant Periods related to carried-forward contract liabilities:

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the contract liability balance at the beginning of the year			
Sale of properties	521,212	2,611,747	3,784,501

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	December 31, 2018			December 31, 2019			December 31, 2020		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current									
Bank loans – secured			–			–	5.23	2021	114,000
Other loans – secured	11.00-20.69	2019	358,416	12.00-15.00	2020	563,600	9.00-17.00	2021	942,326
Other loans – unsecured	12.00-15.00	2019	351,243	11.63-19.20	2020	307,143	12.00	2021	8,972
			709,659			870,743			1,065,298
Non-current									
Bank loans – secured			–	6.17-8.50	2022	484,990	5.23-8.10	2022	794,220
Other loans – secured			–	13.00-14.00	2021	401,327	9.00-10.00	2022	236,934
			–			886,317			1,031,154
			709,659			1,757,060			2,096,452

	December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Analyzed into:			
Repayable within one year	709,659	870,743	1,065,298
Repayable in the second year	–	401,327	1,031,154
Repayable after the second year	–	484,990	–
	709,659	1,757,060	2,096,452

The Group's borrowings are all denominated in RMB.

The Group's current borrowings amounting to RMB709,659,000, RMB870,743,000 and RMB951,298,000 as at December 31, 2018, 2019 and 2020, respectively, were borrowings with fixed interest rates. The Group's non-current borrowings amounting to nil., RMB401,327,000 and RMB236,934,000 as at December 31, 2018, 2019 and 2020, respectively, were borrowings with fixed interest rates. The remaining borrowings are arranged at floating rates amounting to nil, RMB484,990,000 and RMB908,220,000 as at December 31, 2018, 2019 and 2020, respectively, whose interest rates ranging from 6.17% to 8.50% and 5.2% to 8.5% per annum as at December 31, 2019 and 2020.

The fair values of interest-bearing bank and other borrowings are based on the discounted cash flow approach using the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the end of each of the relevant period. The fair values of these borrowings were shown in note 36.

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of each of the Relevant Periods:

	December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Properties under development	428,000	3,288,024	4,060,480

The proportions of equity interests pledged by the Group at the end of each of the Relevant Periods are as follows:

	December 31,		
	2018	**2019**	**2020**
Bozhou Sanxun Gongguan Real Estate Co., Ltd	80%	–	–
Lixin Sanxun Zhongtong Real Estate Co., Ltd	–	100%	100%
Ningyang Sanxun Real Estate Co., Ltd	–	100%	100%
Hefei Sanxun Real Estate Co., Ltd	–	18%	–
Nanjing Hongxun Real Estate Co., Ltd	–	30%	30%
Bozhou Qianxun Real Estate Co., Ltd	–	51%	–
Bozhou Hexun Real Estate Co., Ltd	–	100%	–
Hefei Jiusan Real Estate Co., Ltd	–	30%	30%
Lixin Sanxun Zhongtong Nancheng Real Estate Co., Ltd	–	55%	–
Nanjing Jiuxun Real Estate Co., Ltd	–	51%	–
Lingbi Sanxun Real Estate Co., Ltd	–	–	100%
Nanjing Chunxun Real Estate Co., Ltd	–	–	20%
Nanjing Xixun Real Estate Co., Ltd	–	–	20%
Chaohu Shixun Real Estate Co., Ltd	–	–	60%

The Controlling Shareholder, Mr. Qian Kun and his spouse, Ms. An Juan, have guaranteed certain of the bank and other borrowings of up to RMB358,416,000, RMB685,327,000 and RMB182,244,000 as at December 31, 2018, 2019 and 2020, respectively.

安徽三巽投資集團有限公司 ("**Anhui Sanxun Investment Group Co., Ltd.**") has guaranteed certain of the bank and other borrowings of up to RMB358,416,000, RMB611,327,000 and RMB803,244,000 as at December 31, 2018, 2019 and 2020, respectively.

The board of directors of the Company confirmed that all guarantees provided by the related parties will be fully released before the Listing.

27. SHARE CAPITAL

	December 31, 2019	December 31, 2020
Authorized:		
500,000,000 ordinary shares of USD0.0001 each	USD500,000	USD500,000
38,000,000,000 ordinary shares of HKD0.00001 each	HKD380,000	HKD380,000

	December 31, 2019	December 31, 2020
	RMB'000	*RMB'000*
Issued and fully paid:		
100 ordinary shares of USD0.0001	–	–
7,800 ordinary shares of HKD0.00001	–	–

The Company was incorporated in the Cayman Islands on November 23, 2018 with authorized share capital of USD50,000 divided into 500,000,000 shares of USD0.0001 par value each. On its date of incorporation, 1 ordinary share of USD0.0001 was allotted to a shareholder. Further on the same day, 99 shares were issued and allotted to certain shareholders.

On June 5, 2019, the authorised share capital of the Company was increased from USD50,000 divided into 500,000,000 shares of a par value of USD0.0001 each to the aggregate of (i) USD50,000 divided into 500,000,000 shares of a par value of USD0.0001 each; and (ii) HKD380,000 divided into 38,000,000,000 shares of par value of HKD0.00001 each (the "**Increase**"). Following the increase of the authorised share capital, the Company allotted and issued 6,552 shares, 624 shares and 624 shares to Q Kun, Bing L and Juan L, respectively. Following the allotment and issue of shares, the Company repurchased from Q Kun, Bing L and Juan L respectively 84 shares, eight shares and eight shares of USD0.0001 each. Following the repurchase of shares, the authorised but unissued share capital of the Company was diminished by the cancellation of all unissued shares of USD0.0001 each in the capital of the Company (the "**Diminution of Authorised Capital**"). Following the increase and diminution of authorised capital, the authorised share capital of the Company became HKD380,000 divided into 38,000,000,000 shares of a par value of HKD0.00001 each.

On August 6, 2019, the Company further allotted 1,428, 136, 136 and 500 shares to Q Kun, Bing L, Juan L and Jiuxun, respectively.

28. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended December 31, 2018, 2019 and 2020 are presented in the consolidated statements of changes in equity.

(a) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the Reorganisation.

(b) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese accounting standards, to statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

29. NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Due to related parties	Due to third parties	Due to a shareholder	Total liabilities from financing activities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2018	514,302	16,036	177,800	–	708,138
Cash flows from financing activities	220,857	(3,879)	359,500	–	576,478
Cash flows from non-financing activities	(25,500)	(7,714)	–	–	(33,214)
At December 31, 2018	709,659	4,443	537,300	–	1,251,402
Cash flows from financing activities	1,047,401	37,285	986,078	4,055	2,074,819
Cash flows from non-financing activities	–	(41,728)	–	(4,055)	(45,783)
At December 31, 2019	1,757,060	–	1,523,378	–	3,280,438
Cash flows from financing activities	339,392	–	178,536	–	517,928
Cash flows from non-financing activities	–	3,709	–	–	3,709
At December 31, 2020	2,096,452	3,709	1,701,914	–	3,802,075

30. BUSINESS COMBINATION

As at July 2, 2020, the Group has signed a share transfer agreement with the owner of Guangde Shengfa, 廣東發能房地產有限公司 ("**Guangdong Faneng Real Estate Co., Ltd.**") to purchase a 27% equity interest of Guangde Shengfa for a consideration of RMB2,700,000. The acquisition was completed on July 17, 2020. As a result, Guangde Shengfa has become a subsidiary of the Group since then because the Group held 51% of voting rights in the shareholders' meeting according to the transfer agreement, and held 3 out of 5 directors in the board of directors, both of which give the Group the current ability to direct the relevant activities of Guangde Shengfa.

Since the acquisition, Guangde Shengfa contributed a net loss of RMB2,609,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020. Had the combination taken place at 1 January 2020, the revenue and profit of the Group for the year ended 31 December 2020 would have been RMB3,946,091,000 and RMB363,369,000, respectively.

The fair values of the identifiable assets and liabilities of the subsidiary acquired as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	RMB'000
Property, plant and equipment *(note 13)*	709
Property under development *(note 17)*	135,180
Prepayments, other receivables and other assets	335
Cash and cash equivalents	118
Trade and bills payables	(5,666)
Other payables and accruals	(119,775)
Deferred tax liabilities	(901)
Total identifiable net assets at fair value	10,000
Non-controlling interests	(7,300)
Net assets acquired	2,700
Satisfied by cash	2,700

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash considerations	(2,700)
Cash and cash equivalents acquired	118
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(2,582)

31. DISPOSAL OF SUBSIDIARIES

December 31, 2019

As at June 30, 2019, the Group disposed of its 100% equity interests in Lixin Sanxun Fuyao Real Estate Co., Ltd. ("**Lixin Fuyao**") to third parties for a consideration of nil.

	2019
	RMB'000
Net assets disposed of:	
Cash and cash equivalents	377
Prepayments, other receivables and other assets	29,646
Properties under development	31,237
Deferred tax assets	9
Other payables, deposits received and accruals	(61,380)
	(111)
Gain on disposal of a subsidiary *(note 5)*	111
Satisfied by cash	–

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

	2019
	RMB'000
Cash consideration	–
Cash and cash equivalents disposed of	(377)
Net outflow of cash and cash equivalents in respect of the disposal of Lixin Fuyao	(377)

December 31, 2020

As at December 29, 2020, the Group disposed of its 100% equity interests in Nanjing Jinxun Real Estate Co., Ltd. ("**Nanjing Jinxun**") to third parties for nil consideration.

	2020
	RMB'000
Net assets disposed of:	
Cash and cash equivalents	47
Prepayments, other receivables and other assets	30,040
Other payables, deposits received and accruals	(30,089)
	(2)
Gain on disposal of a subsidiary *(note 5)*	2
Satisfied by cash	–

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

	2020
	RMB'000
Cash consideration	–
Cash and cash equivalents disposed of	(47)
Net outflow of cash and cash equivalents in respect of the disposal of Nanjing Jinxun	(47)

32. CONTINGENT LIABILITIES

At the end of each of the Relevant Periods, contingent liabilities not provided for in the consolidated financial statements were as follows:

		December 31,		
		2018	2019	2020
		RMB'000	*RMB'000*	*RMB'000*
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	*(1)*	2,454,844	5,090,210	7,084,443

(1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans. Upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realize the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the Relevant Periods in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The directors of the Company considered that in case of default on payments, the net realizable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

33. COMMITMENTS

The Group had the following commitments at the end of each of the Relevant Periods:

	December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Property development activities	3,526,591	4,084,407	3,818,851
Acquisition of land use rights	863,002	793,876	327,200
	4,389,593	4,878,283	4,146,051

34. RELATED PARTY TRANSACTIONS

(1) Name and relationship

Name of related parties	Relationship with the Group
錢堃 Mr. Qian Kun	The Controlling Shareholder
錢冰 Mr. Qian Bing	The father of the Controlling Shareholder
安娟 Ms. An Juan	The spouse of the Controlling Shareholder
王子忠 Mr. Wang Zi Zhong	Key management personnel
章曉輝 Mr. Zhang Xiao Hui	Key management personnel
朱浩 Mr. Zhu Hao *(note 1)*	Key management personnel
安徽三巽投資集團有限公司 Anhui Sanxun Investment Group Co., Ltd.	Company controlled by the Controlling Shareholder
安徽喬藝園林景觀建設有限公司 Anhui Qiaoyi Garden Construction Co., Ltd.	Company controlled by the Controlling Shareholder
安徽三巽物業管理有限公司 Anhui Sanxun Properties Management Co., Ltd.	Company controlled by the Controlling Shareholder
滁州市嘉信置業有限公司 Chuzhou Jiaxin Real Estate Co., Ltd.	Company controlled by the Controlling Shareholder
亳州市嘉信置業有限公司 Bozhou Jiaxin Real Estate Co., Ltd.	Company controlled by the Controlling Shareholder
亳州家園房地產開發有限公司 Bozhou Jiayuan Real Estate Co., Ltd.	Company controlled by the Controlling Shareholder
安徽久棟建設有限公司Anhui Jiudong Construction Co., Ltd.	Company controlled by the Controlling Shareholder
上海三巽投資有限公司 Shanghai Sanxun Investment Co., Ltd.	Company controlled by the Controlling Shareholder
合肥震隆建材商貿有限公司 Hefei Zhenlong Building Material Trading Co., Ltd.	Company controlled by the Controlling Shareholder
合肥巽創企業管理合夥企業(有限合夥) Hefei Xunchuang Management Partnership	Company controlled by the Controlling Shareholder

Name of related parties	Relationship with the Group
合肥巽合項目管理有限公司 Hefei Xunhe Project Management Co., Ltd.	Company controlled by the Controlling Shareholder
萍鄉正澤房地產信息諮詢合夥企業(有限合夥) Pingxiang Zhengze Real Estate Information Consulting Partnership	Company controlled by the Controlling Shareholder
萍鄉華澤房地產信息諮詢合夥企業(有限合夥) Pingxiang Huaze Real Estate Information Consulting Partnership	Company controlled by the Controlling Shareholder
重慶埃阿商貿有限公司 Chongqing Aia Trading Co., Ltd.	Company controlled by the Controlling Shareholder
上海星錦投資有限公司 Shanghai Xingjin Investment Co., Ltd.	Company controlled by the Controlling Shareholder
共青城震通投資管理有限公司 Gongqingcheng Zhentong Investment Management Co., Ltd.	Company controlled by the Controlling Shareholder
上海三茂實業發展有限公司 Shanghai Sanmao Industrial Development Co., Ltd.	Company controlled by the Controlling Shareholder
上海三巽酒店管理有限公司 Shanghai Sanxun Hotel Management Co., Ltd.	Company controlled by the Controlling Shareholder
亳州三巽酒店管理有限公司 Bozhou Sanxun Hotel Management Co., Ltd.	Company controlled by the Controlling Shareholder
合肥粱錦企業管理諮詢有限公司 Hefei Liangjin Enterprise Management Consulting Co., Ltd.	Associate
菏澤三巽大瑞置業有限公司 *(note 2)* Heze Sanxun Darui Real Estate Co., Ltd	Associate

Notes:

1. Mr. Zhu Hao resigned at the end of December 2020.

2. Heze Sanxun Darui Real Estate Co., Ltd. was disposed of in November 2020.

(2) Significant related party transactions

The following transactions were carried out with related parties during the Relevant Periods:

	Year ended December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Advances from related companies			
Bozhou Jiaxin Real Estate Co., Ltd.	40	–	–
Pingxiang Zhengze Real Estate Information Consulting Partnership	5	–	–
	45	–	–
Repayments of advances from related companies			
Bozhou Jiayuan Real Estate Co., Ltd.	924	2	–
Hefei Xunchuang Management Partnership	3,000	1,900	–
Bozhou Jiaxin Real Estate Co., Ltd.	–	64	–
Pingxiang Zhengze Real Estate Information Consulting Partnership	–	5	–
	3,924	1,971	–
Advance to a shareholder			
Mr. Qian Kun	455,776	–	–
Repayment of an advance to a shareholder			
Mr. Qian Kun	485,983	4,055	–
Advance to key management personnel			
Mr. Wang Zi Zhong	83	–	–
Mr. Zhu Hao	–	–	10,000
	83	–	10,000
Repayment of an advance to key management personnel			
Mr. Wang Zi Zhong	–	893	–
Mr. Zhu Hao	–	–	10,000
	–	893	10,000
Loan from a company controlled by the controlling shareholder			
Anhui Sanxun Investment Group Co., Ltd.	–	39,256	–
Repayment of loan from a company controlled by the controlling shareholder			
Anhui Sanxun Investment Group Co., Ltd.	–	–	39,256

	Year ended December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Advances to related companies			
Anhui Sanxun Investment Group Co., Ltd.	86,278	–	–
Anhui Qiaoyi Garden Construction Co., Ltd.	45,618	–	–
Heze Sanxun Darui Real Estate Co., Ltd..	–	30	–
Chuzhou Jiaxin Real Estate Co., Ltd.	308	–	–
	132,204	30	–
Advances to an associate			
Hefei Liangjin Enterprise Management Consulting Co., Ltd.	–	86,109	88,321
Repayment of advances to related companies			
Anhui Sanxun Investment Group Co., Ltd.	–	86,335	–
Anhui Qiaoyi Garden Construction Co., Ltd.	–	45,618	–
Anhui Jiudong Construction Co., Ltd.	–	30,012	–
Chuzhou Jiaxin Real Estate Co., Ltd.	–	11,856	–
Heze Sanxun Darui Real Estate Co., Ltd.	–	30	–
	–	173,851	–
Repayment of advances to an associate			
Hefei Liangjin Enterprise Management Consulting Co., Ltd.	–	34,680	99,358
Project management fee to a related party *(note)*			
Anhui Sanxun Investment Group Co., Ltd.	27,603	35,019	–
Property management fee to a related party *(note)*			
Anhui Sanxun Properties Management Co., Ltd.	1,282	4,168	6,240
Fabrication expense to a related party *(note)*			
Anhui Qiaoyi Garden Construction Co., Ltd.	21,318	74,901	78,727

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved, according to the published prices and conditions similar to those offered to major customers/suppliers of the Group.

(3) Other transactions with related parties

The related parties have guaranteed certain of the Group's borrowings. For further details, please refer to note 26. The board of directors of the Company confirmed that all guarantees provided by the related parties will be fully released before the Listing.

(4) Outstanding balances with related parties

	December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Due from the Controlling Shareholder			
Balances relating to non-trade :			
Mr. Qian Kun	4,055	–	–
Due from key management personnel			
Balances relating to non-trade :			
Mr. Wang Zi Zhong	893	–	–
Due from companies controlled by the Controlling Shareholder			
Balances relating to non-trade:			
Anhui Sanxun Investment Group Co., Ltd.	86,335	–	–
Anhui Jiudong Construction Co., Ltd.	30,012	–	–
Anhui Qiaoyi Garden Construction Co., Ltd.	45,618	–	–
Chuzhou Jiaxin Real Estate Co., Ltd.	11,856	–	–
	173,821	–	–
Due from an associate			
Balances relating to non-trade:			
Hefei Liangjin Enterprise Management Consulting Co., Ltd.	–	51,429	40,392
Due to companies controlled by the Controlling Shareholder			
Balances relating to non-trade:			
Bozhou Jiayuan Real Estate Co., Ltd.	2	–	–
Bozhou Jiaxin Real Estate Co., Ltd.	64	–	–
Pingxiang Zhengze Real Estate Information Consulting Partnership	5	–	–
Hefei Xunchuang Management Partnership	1,900	–	–
	1,971	–	–

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Balances relating to trade:			
Anhui Sanxun Properties Management Co., Ltd.	377	–	–
Anhui Qiaoyi Garden Construction Co., Ltd.	–	–	3,709
Anhui Sanxun Investment Group Co., Ltd.	2,095	–	–
	2,472	–	3,709
	4,443	–	3,709

Except for the amount due from Hefei Liangjin Management Consulting Co., Ltd, non-trade balances with shareholders, key management personnel, associates and related companies are due on demand and bearing no interests. Based on the project development agreement with the shareholders of Hefei Liangjin Management Consulting Co., Ltd, Hefei Liangjin Management Consulting Co., Ltd should repay the non-trade balance upon the final settlement of the relevant projects or borrowing and the approval of the shareholders.

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Loan from a company controlled by the Controlling Shareholder			
Balances relating to non-trade:			
Anhui Sanxun Investment Group Co., Ltd.	–	39,256	–

(5) Compensation of key management personnel of the Group:

	December 31,		
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Short-term employee benefits	1,509	1,768	2,582
Pension scheme contributions and social welfare	495	261	167
	2,004	2,029	2,749

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

December 31, 2018

Financial assets

	Financial assets at amortized cost	FVTPL	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets	120,821	–	120,821
Due from related parties	174,714	–	174,714
Due from a shareholder	4,055	–	4,055
Financial assets at fair value through profit or loss	–	2,102	2,102
Restricted cash	646,805	–	646,805
Pledged deposits	102,558	–	102,558
Cash and cash equivalents	81,649	–	81,649
	1,130,602	2,102	1,132,704

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade and bills payables	652,841
Financial liabilities included in other payables and accruals	636,386
Interest-bearing bank and other borrowings	709,659
Due to related parties	4,443
	2,003,329

December 31, 2019

Financial assets

	Financial assets at amortized cost	FVTPL	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets	81,735	–	81,735
Financial assets at fair value through profit or loss	–	22,631	22,631
Restricted cash	1,129,495	–	1,129,495
Pledged deposits	179,669	–	179,669
Cash and cash equivalents	285,515	–	285,515
	1,676,414	22,631	1,699,045

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade and bills payables	1,201,600
Lease liabilities	6,099
Financial liabilities included in other payables, and accruals	1,677,588
Loan from a related party	39,256
Interest-bearing bank and other borrowings	1,757,060
	4,681,603

December 31, 2020

Financial assets

	Financial assets at amortized cost	FVTPL	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets	361,655	–	361,655
Due from related parties	40,392	–	40,392
Restricted cash	1,477,174	–	1,477,174
Pledged deposits	307,232	–	307,232
Cash and cash equivalents	457,430	–	457,430
	2,643,883	–	2,643,883

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade and bills payables	1,429,801
Lease liabilities	51,848
Financial liabilities included in other payables and accruals	1,838,009
Interest-bearing bank and other borrowings	2,096,452
	5,416,110

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at the end of each of the Relevant Periods, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts			Fair values		
	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2018	December 31, 2019	December 31, 2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets						
Financial assets at FVTPL	2,102	22,631	–	2,102	22,631	–
Financial liabilities						
Interest-bearing bank and other borrowings	709,659	1,757,060	2,096,452	711,824	1,766,527	2,119,024

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related parties, amounts due from a shareholder, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, amounts due to a shareholder, and amounts due to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

For the fair values of the financial assets at fair value through profit or loss, the management has estimated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value measurement of the financial assets at fair value through profit or loss is categorised within Level 2 and Level 3 of the fair value hierarchy. As at December 31, 2020, the Group did not hold any financial assets at fair value through profit or loss.

The fair values of interest-bearing bank and other borrowings and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at December 31, 2018, 2019 and 2020 were assessed to be insignificant.

The Group's corporate finance team headed by the chief finance officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At each reporting date, the corporate finance team analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors twice a year for financial reporting.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Discount rate cash flow method	2018: 2.09% to 8.50%	1% increase (decrease)	An increase(decrease) in discount rate would result in the decrease(increase) in fair value of RMB39,255 as at December 31, 2018

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Financial assets at FVTPL

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2018	–	–	2,102	2,102
As at December 31, 2019	–	22,631	–	22,631
As at December 31, 2020	–	–	–	–

Liabilities for which fair values are disclosed:

Interest-bearing bank and other borrowings

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2018	–	711,824	–	711,824
As at December 31, 2019	–	1,766,527	–	1,766,527
As at December 31, 2020	–	2,119,024	–	2,119,024

The movements in fair value measurements within Level 3 during the year are as follows:

	Wealth management product
	RMB'000
Carrying amount at January 1, 2018	–
Additions	2,100
Net gain from a fair value adjustment	2
Carrying amount at December 31, 2018 and January 1, 2019	2,102
Disposal	(2,102)
Carrying amount at December 31, 2019	–

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, restricted cash, pledged deposits , FVTPL, financial assets included in prepayments, other receivables and other assets, trade and bills payables and financial liabilities included in other payables and accruals, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, amounts due to a shareholder, amounts due to related parties, amounts due from a shareholder and amounts due from related parties. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 26. The Group does not use derivative financial instruments to hedge interest rate risk.

If the interest rate of bank and other borrowings had increased/decreased by 100BP and all other variables held constant, the profit before tax of the Group, through the impact on borrowings, would have decreased/increased by approximately RMB270,196, RMB75,049 and RMB115,664 for the years ended December 31, 2018, 2019 and 2020, respectively.

(b) Credit risk

The carrying amounts of restricted cash, pledged deposits, cash and cash equivalents, financial assets included in prepayments, other receivables and other assets, amount due from a shareholder, and amounts due from related parties included in the statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets at the end of each of the Relevant Periods.

At the end of each of the Relevant Periods, all restricted cash, pledged deposits and cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk.

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past due event;
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

The Group has established a policy to perform an assessment for the Relevant Periods, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group classifies its financial assets included in prepayments, other receivables and other assets, amounts due from a shareholder and amounts due from related parties into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1 When financial assets included in prepayments, other receivables and other assets, amounts due from a shareholder and amounts due from related parties are first recognized, the Group recognizes an allowance based on 12 months' ECLs.

Stage 2 When financial assets included in prepayments, other receivables and other assets, amounts due from a shareholder and amounts due from related parties have shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs.

Stage 3 When financial assets included in prepayments, other receivables and other assets, amounts due from a shareholder and amounts due from related parties are considered credit-impaired, the Group records an allowance for the lifetime ECLs.

Management makes periodic collective assessments for financial assets included in prepayments, other receivables and other assets, amounts due from a shareholder and amounts due from related parties as well as individual assessment on the recoverability of financial assets included in prepayments, other receivables and other assets, amounts due from a shareholder and amounts due from related parties based on historical settlement records and past experience. The Group has classified financial assets included in prepayments, other receivables and other assets, amounts due from a shareholder and amounts due from related parties in stage 1 and continuously monitors their credit risk. The Company uses the expected credit loss rate of 0.01%-0.17%, considering the default probability and recovery probability, to estimate the impairment of financial assets included in prepayments, other receivables and other assets, amounts due from a shareholder and amounts due from related parties, and the directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments, other receivables and other assets, amounts due from a shareholder and amounts due from related parties and no provisions were recognized.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on contractual undiscounted payments, is as follows:

	Less than 3 months	3 to 12 months	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2018				
Interest-bearing bank and other borrowings	219,011	517,244	–	736,255
Trade and bills payables	158,431	494,410	–	652,841
Financial liabilities included in other payables and accruals	76,166	560,220	–	636,386
Due to related parties	–	4,443	–	4,443
	453,608	1,576,317	–	2,029,925
December 31, 2019				
Interest-bearing bank and other borrowings	179,392	712,012	1,110,979	2,002,383
Trade and bills payables	302,050	899,550	–	1,201,600
Lease liabilities	683	2,987	2,429	6,099
Financial liabilities included in other payables and accruals	482,334	1,195,254	–	1,677,588
Loan from a related party	–	–	39,256	39,256
	964,459	2,809,803	1,152,664	4,926,926
December 31, 2020				
Interest-bearing bank and other borrowings	230,719	978,193	1,080,667	2,289,579
Trade and bills payables	346,957	1,082,844	–	1,429,801
Lease liabilities	3,899	8,924	39,025	51,848
Financial liabilities included in other payables and accruals	505,201	1,332,808	–	1,838,009
	1,086,776	3,402,769	1,119,692	5,609,237

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, trade and bills payables, other payables and accruals, interest-bearing bank and other borrowings, amounts due to related parties, a loan from a related party and lease liabilities, less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratio as at the end of each of the Relevant Periods was as follows:

	December 31,		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	652,841	1,201,600	1,429,801
Other payables and accruals	660,884	1,718,590	1,902,844
Interest-bearing bank and other borrowings	709,659	1,757,060	2,096,452
Due to related parties	4,443	–	3,709
Loan from a related party	–	39,256	–
Lease liabilities	–	6,099	51,848
Less: Cash and cash equivalents	81,649	285,515	457,430
Net debt	1,946,178	4,437,090	5,027,224
Equity attributable to owners of the parent	342,659	580,506	947,759
Capital and net debt	2,288,837	5,017,596	5,974,983
Gearing ratio	85%	88%	84%

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

December 31, 2018

	Percentage of equity interest held by non-controlling interests	Profit for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Chuzhou Jiarui	40	2,715	52,650

The following tables illustrate the summarized financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Chuzhou Jiarui
	RMB'000
Revenue	91,649
Total expenses	(83,571)
Income tax expense	(1,291)
Profit and total comprehensive income for the year	6,787
Current assets	293,560
Non-current assets	3,212
Current liabilities	(163,098)
Non-current liabilities	(2,049)
Net cash flows from operating activities	1,398
Net cash flows used in investing activities	(400)
Net cash flows used in financing activities	–
Net increase in cash and cash equivalents	998

December 31, 2019

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Hefei Sanxun	40	(2,930)	30,410
Hefei Jiusan	70	(8,897)	26,103
Chuzhou Jiarui	40	4,692	57,341

The following tables illustrate the summarized financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Hefei Sanxun	Hefei Jiusan	Chuzhou Jiarui
	RMB'000	*RMB'000*	*RMB'000*
Revenue	–	–	117,704
Total expenses	(9,707)	(16,915)	(100,572)
Income tax expense	2,382	4,206	(5,403)
(Loss)/profit and total comprehensive (expense)/income for the year	(7,325)	(12,709)	11,729
Current assets	605,870	1,231,975	199,882
Non-current assets	17,484	5,976	368
Current liabilities	(546,537)	(900,482)	(56,230)
Non-current liabilities	(803)	(300,179)	(597)
Net cash flows used in operating activities	(30,504)	(252,414)	(10,224)
Net cash flows (used in)/from investing activities	(215)	(12)	50
Net cash flows from financing activities	155,532	330,363	–
Net increase/(decrease) in cash and cash equivalents	124,813	77,937	(10,174)

December 31, 2020

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Chuzhou Jiarui	40	20	57,361
Lixin Zhongtong	40	10,017	19,044
Lixin Jiantou	30	29,491	38,154
Lixin Bangtai	49	13,156	32,282
Bozhou Jinfurong	52	18,280	24,300
Jiangyin Chengrun	69	(893)	68,507
Jiangyin Xurun	69	(354)	69,046

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Chuzhou Jiarui	Lixin Zhongtong	Lixin Jiantou	Lixin Bangtai	Bozhou Jinfurong	Jiangyin Chengrun	Jiangyin Xurun
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	1,303	237,123	536,124	201,677	183,572	–	–
Total expenses	(1,485)	(201,214)	(404,944)	(165,863)	(124,343)	(1,716)	(680)
Income tax expense	230	(10,865)	(32,878)	(8,965)	(24,076)	429	170
(Loss)/profit and total comprehensive (expense)/income for the year	48	25,044	98,302	26,849	35,153	(1,287)	(510)
Current assets	197,446	613,314	245,583	525,234	338,824	795,023	554,790
Non-current assets	542	8,959	1,031	27,770	5,226	458	170
Current liabilities	(54,044)	(522,451)	(119,333)	(486,312)	(297,222)	(696,767)	(455,470)
Non-current liabilities	(541)	(52,211)	(100)	(811)	(97)	–	–
Net cash flows (used in)/from operating activities	(4,729)	(44,634)	90,769	(41,501)	39,305	(309,956)	(189,040)
Net cash flows (used in)/from investing activities	–	(36)	–	32	(2)	(32)	–
Net cash flows from/(used in) financing activities	4,036	50,799	(89,035)	41,712	(42,724)	315,432	193,272
Net (decrease)/increase in cash and cash equivalents	(693)	6,129	1,734	243	(3,421)	5,444	4,232

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2020.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company has been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our consolidated net tangible assets as of December 31, 2020 as if it had taken place on that date.

The unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of December 31, 2020 or any future date. It is prepared based on our consolidated net tangible assets attributable to the owners of the Company as of December 31, 2020 as set out in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Consolidated net tangible assets attributable to owners of the Company as of December 31, 2020	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$3.30 per Share	947,759	390,305	1,338,064	2.03	2.44
Based on an Offer Price of HK$5.20 per Share	947,759	641,836	1,589,595	2.41	2.90

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as of December 31, 2020 is extracted from the Accountants' Report, which is based on the audited consolidated equity attributable to owners of the Company as of December 31, 2020 of approximately RMB947.8 million.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$3.30 per Share or HK$5.20 per Share, after deduction of the underwriting fees and other related expenses payable by the Group and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.0 to RMB0.8315.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is calculated based on 660,000,000 Shares in issue immediately upon completion of the Capitalization Issue and the completion of the Global Offering without taking into account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is converted into Hong Kong dollars at an exchange rate of HK$1.0 to RMB0.8315.

(5) No adjustment has been made to reflect any trading result or open transaction of the Group entered into subsequent to December 31, 2020.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

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To the Directors of Sanxun Holdings Group Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Sanxun Holdings Group Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at December 31, 2020, and related notes as set out on pages II-1 and II-2 of the prospectus dated June 30, 2021 issued by the Company (the "**Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described on pages II-1 and II-2 to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at December 31, 2020 as if the transaction had taken place at December 31, 2020. As part of this process, information about the Group's financial position, has been extracted by the Directors from the Group's financial statements for the period ended December 31, 2020, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong

June 30, 2021

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at April 30, 2021 of the property interests held by Sanxun Holdings Group Limited.

JLL
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
License No: C-030171

June 30, 2021

The Board of Directors
Sanxun Holdings Group Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Dear Sirs,

In accordance with your instructions to value the property interests held by Sanxun Holdings Group Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at April 30, 2021 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the property interests in Group I which are held for sale by the Group and the property interests in Group III which are held for future development by the Group by the comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market can be extrapolated to similar properties, subject to allowances for variable factors.

For the purpose of our valuation, real estate developments for sale are those the Construction Work Completion and Inspection Certificates/Tables/Reports or Building Ownership Certificates/Real Estate Title Certificates thereof are issued by the relevant local authorities or are in the process of application, this also includes those property interests which have been contracted to be sold, but the formal assignment procedures of which have not yet been completed; and real estate developments for future development are those the Construction Work Commencement Permits are not issued while the State-owned Land Use Rights Certificates have been obtained, this also includes those property interests which the State-owned Land Use Rights Grant Contract have been signed, but the State-owned Land Use Rights Certificates/Real Estate Title Certificates have not been issued.

In valuing property interests in Group II which are currently under development by the Group, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. In arriving at our opinion of values, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by the Group according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

For the purpose of our valuation, real estate developments under development are those for which the Construction Works Commencement Permit(s) has (have) been issued while the Construction Works Certified Report(s) or Certificate(s) of Completion of the building(s) have not been issued.

For the property interests in Group IV which are contracted to be acquired by the Group, the Group has entered into agreements with the relevant government authorities. Since the Group has not yet obtained the State-owned Land Use Rights Certificates and/or the payment of the land premium has not yet been fully settled as at the valuation date, we have attributed no commercial value to the property interests.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisor – Commerce & Finance Law Offices concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in the period between March 2019 and April 2021 by 8 technical staffs, including Mr. Michael Yu, Mr. Legend Zhan, Mr. Ross Tan, Miss. Raina Zheng, Mr. Jason Chen, Mr. Devon Yan, Miss Daisy Zhang and Miss Alice Zhong. They are Chartered Surveyors/China Certified Real Estate Appraisers/China Qualified Land Valuers/China Certified Public Valuers or have more than 2 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary layouts stated in this report are in Renminbi (RMB).

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on March 11, 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy has recovered and most business activities have been back to normal. We also note that market activity and market sentiment in these particular market sectors remain stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of the properties under frequent review.

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T. W. Yiu is a Chartered Surveyor who has 27 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Abbreviation:

Group I: Properties held for sale by the Group in the PRC
Group II: Properties held under development by the Group in the PRC
Group III: Properties held for future development by the Group in the PRC
Group IV: Properties contracted to be acquired by the Group in the PRC
"–" or N/A: Not applicable or not available
* In this summary of values, the values have been rounded to hundred thousand.

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	Group II:	Group III:	Group IV:	
1.	Portions of Chuzhou Left Bank Fragrance located at the intersection of Longpan Avenue and Jinling North Road Nanqiao District Chuzhou City Anhui Province The PRC 滁州左岸香頌	8,300,000	–	–	–	8,300,000
2.	Portions of Chuzhou Joy Shire (British Mansion) located at the intersection of Nanjing Road and Zhongxin Avenue Langya District Chuzhou City Anhui Province The PRC 滁州和悦郡(英倫華第)	135,900,000	184,900,000	–	–	320,800,000

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	Group II:	Group III:	Group IV:	
3.	Portions of Mingguang British Mansion located at the southern side of Liuwan Road and the western side of Mingguang Avenue Mingguang City Anhui Province The PRC 明光英倫華第	5,400,000	–	–	–	5,400,000
4.	Portions of Mingguang No. 1 Yard located at the northern side of Jiashan Avenue and the western side of Mingxing Road Mingguang City Anhui Province The PRC 明光壹號院	21,700,000	–	–	–	21,700,000
5.	Portions of Mingguang Park Villa located at the intersection of Moshan Avenue and Huaihe Avenue Mingguang City Anhui Province The PRC 明光公園墅	67,200,000	363,800,000	–	–	431,000,000

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	Group II:	Group III:	Group IV:	
6.	Portions of Fengyang No. 1 Yard located at the eastern side of Youbi Road and the northern side of Changqiu Road Fengyang County Chuzhou City Anhui Province The PRC 鳳陽壹號院	62,800,000	–	–	–	62,800,000
7.	Portions of Bozhou Park Villa located at the eastern side of Xianweng Road and the northern side of Baishao East Road Qiaocheng District Bozhou City Anhui Province The PRC 亳州公園墅	117,600,000	–	–	–	117,600,000
8.	Portions of Bozhou No. 1 Yard located at the western side of Jianan Road and the northern side of Duzhong Road Qiaocheng District Bozhou City Anhui Province The PRC 亳州壹號院	62,800,000	–	–	–	62,800,000

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	Group II:	Group III:	Group IV:	
9.	Portions of Bozhou Bo's Mansion located at the southern side of Yangsheng Avenue and the eastern side of Tangwang Avenue Qiaocheng District Bozhou City Anhui Province The PRC 亳州亳公館	73,400,000	–	–	–	73,400,000
10.	Bozhou Platinum House located at the southern side of Mudan Road and the western side of Xianweng Road Qiaocheng District Bozhou City Anhui Province The PRC 亳州鉑悅府	–	874,800,000	–	–	874,800,000
11.	Portions of Bozhou Park Alley located at the southern side of Mudan Road and the western side of Xianweng Road Qiaocheng District Bozhou City Anhui Province The PRC 亳州公園里	97,900,000	350,600,000	–	–	448,500,000

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	Group II:	Group III:	Group IV:	
12.	Bozhou Joy Mansion located at the western side of Sancao Road and the southern side of Shifu South Road Qiaocheng District Bozhou City Anhui Province The PRC 亳州和悦府	–	225,600,000	–	–	225,600,000
13.	Portions of Bozhou Bofu Lingfeng located at the northern side of Shifu South Road and the western side of Sancao Road Qiaocheng District Bozhou City Anhui Province The PRC 亳州亳府淩楓	–	327,400,000	–	–	327,400,000
14.	Portions of Lixin British Mansion located at the northern side of Qianjin Road and the western side of Qinglan Road Lixin County Bozhou City Anhui Province The PRC 利辛英倫華第	18,000,000	–	–	–	18,000,000

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	Group II:	Group III:	Group IV:	
15.	Portions of Lixin Platinum House located at the northern side of Qianjin Road and the western side of Shiji Avenue Lixin County Bozhou City Anhui Province The PRC 利辛鉑悦府	47,600,000	484,200,000	–	–	531,800,000
16.	Portions of Lixin No. 1 Yard located at the intersection of Changchun Road and Feihe Avenue Lixin County Bozhou City Anhui Province The PRC 利辛壹號院	10,000,000	–	–	–	10,000,000
17.	Portions of Lixin Wenzhou House located at the southern side of Wenxi Road and the eastern side of Shiji Avenue Lixin County Bozhou City Anhui Province The PRC 利辛文州府	373,300,000	40,800,000	–	–	414,100,000

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	Group II:	Group III:	Group IV:	
18.	Lixin Elegance located at the northern side of Xuefu Road and the western side of Chezhe Ditch Lixin County Bozhou City Anhui Province The PRC 利辛風華和悦	–	545,000,000	–	–	545,000,000
19	Lixin State Guest Garden located at the southern side of Jinxiu Road and the western side of Chuangye Road Lixin County Bozhou City Anhui Province The PRC 利辛國賓府臻園	–	658,200,000	–	–	658,200,000
20.	Guoyang Territory located at the eastern side of Yuying Road and the southern side of Jinxiu Avenue Guoyang County Bozhou City Anhui Province The PRC 渦陽江山印	–	779,000,000	–	–	779,000,000

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	Group II:	Group III:	Group IV:	
21.	Hefei Elegance located at the northern side of Yuxi Road and the eastern side of Zhangshan Road Yaohai District Hefei City Anhui Province The PRC 合肥和悦風華	–	710,800,000	–	–	710,800,000
22.	Hefei Jade Orient located at the eastern side of Banta North Road and the northern side of Fengleting Road Yaohai District Hefei City Anhui Province The PRC 合肥翡麗東方	–	1,301,800,000	–	–	1,301,800,000
23.	Hefei Cloud Garden located at the eastern side of Qishan Road and the northern side of Qilu Road Chaohu City Anhui Province The PRC 合肥雲著園	–	428,200,000	309,700,000	–	737,900,000

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	Group II:	Group III:	Group IV:	
24.	Huainan Elegance located at the eastern side of Huaxing Road and the southern side of Qingxing North Road Tianjia'an District Huainan City Anhui Province The PRC 淮南風華和悅	–	126,400,000	51,100,000	–	177,500,000
25.	Huainan Academy No. 1 located at the northern side of Kexue Road and the eastern side of Yongle Road Shouxian County Huainan City Anhui Province The PRC 淮南學府壹號	–	668,700,000	–	–	668,700,000
26.	Portions of Fuyang Mandarin Upper Shire located at the eastern side of Guoyang North Road and the southern side of Mengcheng Road Yingquan District Fuyang City Anhui Province The PRC 阜陽文華上郡	655,900,000	827,000,000	–	–	1,482,900,000

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	Group II:	Group III:	Group IV:	
27.	Taihu Jinzhou Mansion located at the southern side of Chenfeng Road and the eastern side of Qilong Road Taihu County Anqing City Anhui Province The PRC 太湖晉州府	–	574,500,000	–	–	574,500,000
28.	Suzhou Guojian Elegance located at the intersection of Renmin Road and Waihuan South Road Yongqiao District Suzhou City Anhui Province The PRC 宿州國建風華	–	364,500,000	–	–	364,500,000
29.	Suzhou Lingbi Qingfeng located at the northern side of Bianhe Road and the western side of Pingshan Road Lingbi County Suzhou City Anhui Province The PRC 宿州靈璧清楓	–	269,500,000	158,700,000	–	428,200,000

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	Group II:	Group III:	Group IV:	
30.	Guangde Binhe Mansion located at the intersection of Nantang Road and Binhe Road Guangde City Xuancheng City Anhui Province The PRC 廣德濱河首府	–	332,600,000	–	–	332,600,000
31.	Bengbu Qingfeng Park Alley located at the western side of Jingtu Road and the eastern side of Xinhuai Road Liucheng County Bengbu City Anhui Province The PRC 蚌埠清楓公園里	–	217,700,000	–	–	217,700,000
32.	Liucheng County 05 Land Parcel located at the western side of Jingtu Road and the eastern side of Xinhuai Road Liucheng County Bengbu City Anhui Province The PRC 榴城鎮05地塊	–	–	–	No commercial value	Nil

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	Group II:	Group III:	Group IV:	
33.	Liucheng County 04 Land Parcel located at the western side of Jingtu Road and the eastern side of Xinhuai Road Liucheng County Bengbu City Anhui Province The PRC 榴城鎮04地塊	–	–	–	No commercial value	Nil
34.	Portions of Ningyang Platinum House located at the western side of Wencheng Road and the southern side of Jinyang Avenue Ningyang County Taian City Shandong Province The PRC 寧陽鉑悅府	41,200,000	311,600,000	–	–	352,800,000
35.	Nanjing Fortune Shire located at the southern side of Renshou Road and the western side of Xihe Road Jiangning District Nanjing City Jiangshu Province The PRC 南京如意郡	–	548,400,000	–	–	548,400,000

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	Group II:	Group III:	Group IV:	
36.	Nanjing Joy Garden located at the western side of Beiyi Road and the northern side of Beiling Road Gaochun District Nanjing City Jiangsu Province The PRC 南京和悅瀾庭	–	156,200,000	–	–	156,200,000
37.	Nanjing Upper Joy Garden located at the eastern side of Puzhu Road and the northern side of Huajiang Road Pukou District Nanjing City Jiangsu Province The PRC 南京尚上悅苑	–	509,000,000	–	–	509,000,000
38.	Nanjing Joy River South located at the western side of Nanyi Road and the southern side of Chunnan Road Gaochun District Nanjing City Jiangsu Province The PRC 南京和悅江南	–	100,200,000	–	–	100,200,000

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	Group II:	Group III:	Group IV:	
39.	Nanjing Elegance located at the western side of Shijiaohu South Road and the southern side of Baota Road Gaochun District Nanjing City Jiangsu Province The PRC 南京和悦風華	–	262,200,000	–	–	262,200,000
40.	Wuxi Xinghuiyuan located at the western side of Xinyang Road and the southern side of Chenglu Road Jiangyin City Wuxi City Jiangsu Province The PRC 無錫星輝苑	–	345,700,000	274,100,000	–	619,800,000
41.	Wuxi Xingguangyuan located at the western side of Xinyang Road and the southern side of Chenglu Road Jiangyin City Wuxi City Jiangsu Province The PRC 無錫星光苑	–	443,700,000	–	–	443,700,000

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
		Group I:	**Group II:**	**Group III:**	**Group IV:**	
42.	Wuxi Lanjing Yayuan located at the northern side of Yingcai West Street and the eastern side of Fukang Road Jiangyin City Wuxi City Jiangsu Province The PRC 無錫瀾景雅苑	–	112,500,000	–	–	112,500,000
43.	Wuxi Donggang Land Parcel located at the western side of Lianqun Road and the southern side of Chuangxin West Road Donggang Town Xishan District Wuxi City Jiangsu Province The PRC 無錫東港地塊	–	–	226,300,000	–	226,300,000
	Total:	**1,799,000,000**	**13,445,500,000**	**1,019,900,000**	**–**	**16,264,400,000**

Note: For Property Nos. 32 and 33, as at the valuation date, these properties were not assigned to the Group and thus the title of the properties were not vested in the Group, the relevant land use rights certificates have not been obtained. Therefore, we have attributed no commercial value to the properties.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
1.	Portions of Chuzhou Left Bank Fragrance located at the intersection of Longpan Avenue and Jinling North Road Nanqiao District Chuzhou City Anhui Province The PRC 滁州左岸香頌	Chuzhou Left Bank Fragrance is located at the intersection of Longpan Avenue and Jinling North Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Chuzhou Left Bank Fragrance occupies a parcel of land with a site area of approximately 98,020.00 sq.m. which is being developed into a residential development. Portions of the project were completed in 2019, and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Chuzhou Left Bank Fragrance with a total gross floor area of approximately 718.08 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for the terms expiring on June 12, 2080 for residential use and June 12, 2050 for wholesale and retail uses.	As at the valuation date, the property was vacant for sale.	8,300,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 341100 Chu Rang (2010)014 dated June 9, 2010, the land use rights of a parcel of land with a site area of approximately 98,020.00 sq.m. were contracted to be granted to Chuzhou Sanxun Real Estate Co., Ltd. (滁州三巽置業有限公司, "**Chuzhou Sanxun**", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for wholesale and retail uses commencing from the land delivery date. The land premium was RMB239,000,000.

2. Pursuant to 2 Construction Land Planning Permits – Di Zi Di Nos. 341100201000064 and 341100201100054, permissions towards the planning of the aforesaid land parcel with a site area of approximately 98,020.00 sq.m. have been granted to Chuzhou Sanxun.

3. Pursuant to a Real Estate Title Certificate – Wan (2017) Chu Zhou Shi Bu Dong Chan Quan Di No. 0037969, the land use rights of the aforesaid land parcel with a site area of approximately 98,020.00 sq.m. have been granted to Chuzhou Sanxun for the terms expiring on June 12, 2080 for residential use, and June 12, 2050 for wholesale and retail uses.

4. Pursuant to 6 Construction Work Planning Permits – Jian Zi Di Nos. 341100201600133, 20100098, 20100102, 20110077, 20160061 and 20120002 in favor of Chuzhou Sanxun, Chuzhou Left Bank Fragrance with a total gross floor area of approximately 299,390.24 sq.m. has been approved for construction.

5. Pursuant to 14 Construction Work Commencement Permits – Nos. 341100201105130101, 341100201211190301, 341100201104270101, 341100201202290101, 34110014021801S05, 34110213122302S02, 34110014021801S01, 34110014021801S10, 34110014021801S11, 341100201311120101, 34110213122302S03, 341100201305310101, 34110014021801S06 and 3411002007060002-sx-001 in favor of Chuzhou Sanxun, permissions by the relevant local authority were given to commence the construction of Chuzhou Left Bank Fragrance with a total gross floor area of approximately 299,383.41 sq.m.

6. Pursuant to 23 Pre-sale Permits – (2011) Fang Yu Shou Zheng Di Nos. 070, 071, 226, 227, 289, (2012) Fang Yu Shou Zheng Di Nos. 151, 152, 037, 039, (2013) Fang Yu Shou Zheng Di Nos. 171, 085, 086, 161, 170, (2014) Fang Yu Shou Zheng Di Nos. 066, 075 to 077, (2015) Fang Yu Shou Zheng Di Nos. 050, 051, (2016) Fang Yu Shou Zheng Di Nos. 041, 044 and (2017) 404 in favor of Chuzhou Sanxun, the Group is entitled to sell portions of Chuzhou Left Bank Fragrance (representing a total gross floor area of approximately 254,751.16 sq.m.) to purchasers.

7. Pursuant to 25 Construction Work Completion and Inspection Tables in favor of Chuzhou Sanxun, the construction of portions of Chuzhou Left Bank Fragrance with a total gross floor area of approximately 262,550.69 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area**
		sq.m.
Group I – held for sale by the Group	Commercial	718.08
	Total:	**718.08**

9. As advised by the Group, various commercial units with a total gross floor area of approximately 146.48 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB2,021,424. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB12,000 to RMB15,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. Chuzhou Sanxun is legally and validly in possession of the land use rights of the property. Chuzhou Sanxun has the rights to occupy, use, lease and dispose of the land parcel of the property;

    b. Chuzhou Sanxun has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Chuzhou Sanxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

13. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose of which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
2.	Portions of Chuzhou Joy Shire (British Mansion) located at the intersection of Nanjing Road and Zhongxin Avenue Langya District Chuzhou City Anhui Province The PRC 滁州和悦郡(英倫華第)	Chuzhou Joy Shire (British Mansion) is located at the intersection of Nanjing Road and Zhongxin Avenue. The locality is well-served by public transportation. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Chuzhou Joy Shire (British Mansion) occupies a parcel of land with a site area of approximately 68,696.00 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in 2019 and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. As at the valuation date, the remaining portion of the project was under construction (the "**CIP**") and was scheduled to be completed in May 2021. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 61,856.23 sq.m. As at the valuation date, the property comprised the unsold units and the CIP of Chuzhou Joy Shire (British Mansion) with a total planned gross floor area of approximately 84,521.02 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. As advised by the Group, the construction cost of the CIP of the property is estimated to be approximately RMB140,700,000, of which approximately RMB137,200,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on April 11, 2087 for residential use and April 11, 2057 for commercial use.	As at the valuation date, the unsold units of the property were vacant and the remaining portion of the property was under construction.	320,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 341100(2016)070 dated December 16, 2016, the land use rights of a parcel of land with a site area of approximately 68,696.00 sq.m. were contracted to be granted to Chuzhou Sanxun Suchu Real Estate Co., Ltd. (滁州三巽蘇滁置業有限公司, "**Chuzhou Sanxun Suchu**", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential and 40 years for commercial use commencing from the land delivery date. The land premium was RMB125,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341100201700023, permission towards the planning of the aforesaid land parcel with a site area of approximately 68,696.00 sq.m. has been granted to Chuzhou Sanxun Suchu.

3. Pursuant to a Real Estate Title Certificate – Wan (2017) Chu Zhou Shi Bu Dong Chan Quan Di No. 0009938, the land use rights of the aforesaid land parcel with a site area of approximately 68,696.00 sq.m. have been granted to Chuzhou Sanxun Suchu for the terms expiring on April 11, 2087 for residential use and April 11, 2057 for commercial use.

4. Pursuant to 6 Construction Work Planning Permits – Nos. 20170064, 20170087, 20170113, 20170103, 20180050 and Jian Zi Di No.341100202100043 in favor of Chuzhou Sanxun Suchu, Chuzhou Joy Shire (British Mansion) with a total gross floor area of approximately 200,471.29 sq.m. has been approved for construction.

5. Pursuant to 5 Construction Work Commencement Permits – Nos. 3411001704100101-SX-002 to 006 in favor of Chuzhou Sanxun Suchu, permissions by the relevant local authority were given to commence the construction of Chuzhou Joy Shire (British Mansion) with a total gross floor area of approximately 200,453.45 sq.m.

6. Pursuant to 22 Pre-sale Permits in favor of Chuzhou Sanxun Suchu, the Group is entitled to sell portions of Chuzhou Joy Shire (British Mansion) (representing a total gross floor area of approximately 152,890.53 sq.m.) to purchasers.

7. Pursuant to 24 Construction Work Completion and Inspection Tables in favor of Chuzhou Sanxun Suchu, the construction of portions of Chuzhou Joy Shire (British Mansion) with a total gross floor area of approximately 139,170.15 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	**Usage**	**Planned Grossfloor Area/Gross Floor Area**
		sq.m.
Group I – held for sale by the Group	Residential	22,664.79
	Sub-total:	**22,664.79**
Group II – held under development by the Group	Residential	27,298.78
	Commercial	2,570.39
	Ancillary	751.32
	Basement (inclusive of non-saleable car parking spaces)	31,235.74
	Sub-total:	**61,856.23**
	Total:	**84,521.02**

9. As advised by the Group, various residential units with a total gross floor area of approximately 22,664.79 sq.m. in Group I and various residential and commercial units with a total gross floor area of approximately 22,580.59 sq.m. in Group II of the property have been pre-sold to various third parties at a total consideration of RMB278,840,996. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB189,600,000.

11. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB5,500 to RMB6,800 per sq.m. for residential units and RMB8,000 to RMB11,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. Chuzhou Sanxun Suchu is legally and validly in possession of the land use rights of the property. Chuzhou Sanxun Suchu has the rights to occupy, use, lease and dispose of the land parcel of the property;

    b. Chuzhou Sanxun Suchu has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Chuzhou Sanxun Suchu has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date**
	RMB
Group I – held for sale by the Group	135,900,000
Group II – held under development by the Group	184,900,000
Total:	**320,800,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
3.	Portions of Mingguang British Mansion located at the southern side of Liuwan Road and the western side of Mingguang Avenue Mingguang City Anhui Province The PRC 明光英倫華第	Mingguang British Mansion is located at the southern side of Liuwan Road and the western side of Mingguang Avenue. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Mingguang British Mansion occupies a parcel of land with a site area of approximately 44,366.40 sq.m. which had been developed into a residential and commercial development. The project was completed in August 2019, and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Mingguang British Mansion with a total gross floor area of approximately 1,084.02 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for the terms expiring on January 7, 2086 for residential use and January 7, 2056 for commercial use.	As at the valuation date, the property was vacant for sale.	5,400,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – Ming Guo Tu He (2015) 0052 dated October 30, 2015, the land use rights of a parcel of land with a site area of approximately 44,366.40 sq.m. were contracted to be granted to Mingguang Sanxun Real Estate Co., Ltd. (明光三巽置業有限公司, "**Mingguang Sanxun**", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB49,100,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341182201511038, permission towards the planning of the aforesaid land parcel with a site area of approximately 44,366.40 sq.m. has been granted to Mingguang Sanxun.

3. Pursuant to a Real Estate Title Certificate – Wan (2016) Ming Guang Shi Bu Dong Chan Quan Di No. 0000092, the land use rights of the aforesaid land parcel with a site area of approximately 44,366.40 sq.m. have been granted to Mingguang Sanxun for the terms expiring on January 7, 2086 for residential use and January 7, 2056 for commercial use.

4. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di No. 341182201604024 and No. 341182201608043 in favor of Mingguang Sanxun, Mingguang British Mansion with a total gross floor area of approximately 104,609.62 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 3411821605090101-sx-001 and 3411821605090101-sx-002 in favor of Mingguang Sanxun, permissions by the relevant local authority were given to commence the construction of Mingguang British Mansion with a total gross floor area of approximately 104,609.62 sq.m.

6. Pursuant to 23 Pre-sale Permits – 2016 (Ming) Fang Yu Shou Zheng Di Nos. 59 to 70, 87, 88, 114, 115, 122 and 126, 2017 (ming) Fang Yu Shou Zheng Di Nos. 23, 24, 28, 32 and 2018 (Ming) Fang Yu Shou Zheng Di No. 111 in favor of Mingguang Sanxun, the Group is entitled to sell portions of Mingguang British Mansion (representing a total gross floor area of approximately 89,689.19 sq.m.) to purchasers.

7. Pursuant to 24 Construction Work Completion and Inspection Tables in favor of Mingguang Sanxun, the construction of Mingguang British Mansion with a total gross floor area of approximately 104,609.62 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area**
		sq.m.
Group I – held for sale by the Group	Residential	111.94
	Commercial	972.08
	Total	**1,084.02**

9. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 562.16 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB2,769,819. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB5,500 to RMB6,800 per sq.m. for residential units and RMB4,300 to RMB6,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. Mingguang Sanxun is legally and validly in possession of the land use rights of the property. Mingguang Sanxun has the rights to occupy, use, lease and dispose of the land parcel of the property;

    b. Mingguang Sanxun has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Mingguang Sanxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Yes

13. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
4	Portions of Mingguang No. 1 Yard located at the northern side of Jiashan Avenue and the western side of Mingxing Road Mingguang City Anhui Province The PRC 明光壹號院	Mingguang No. 1 Yard is located at the northern side of Jiashan Avenue and the western side of Mingxing Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Mingguang No. 1 Yard occupies a parcel of land with a site area of approximately 41,132.20 sq.m. which had been developed into a residential and commercial development. The project was completed in July 2020, and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Mingguang No. 1 Yard with a total gross floor area of approximately 3,688.22 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for the terms expiring on October 15, 2087 for residential use and October 15, 2057 for commercial use.	As at the valuation date, the property was vacant for sale.	21,700,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – Ming Guo Tu He (2017) 0016 dated May 15, 2017, the land use rights of a parcel of land with a site area of approximately 41,132.20 sq.m. were contracted to be granted to Mingguang Sanxun Yihaoyuan Real Estate Co., Ltd. (明光三巽壹號院置業有限公司, "**Mingguang Sanxun Yihaoyuan**", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB154,400,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi No. 341182201704017, permission towards the planning of the aforesaid land parcel with a site area of approximately 41,132.20 sq.m. has been granted to Mingguang Sanxun Yihaoyuan.

3. Pursuant to a Real Estate Title Certificate – Wan (2017) Ming Guang Shi Bu Dong Chan Quan No. 0009786, the land use rights of the aforesaid land parcel with a site area of approximately 41,132.20 sq.m. have been granted to Mingguang Sanxun Yihaoyuan for the terms expiring on October 15, 2087 for residential use and October 15, 2057 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 341182201711055 in favor of Mingguang Sanxun Yihaoyuan, Mingguang No. 1 Yard with a total gross floor area of approximately 99,704.64 sq.m. has been approved for construction.

5. Pursuant to 3 Construction Work Commencement Permits – Nos. 3411821707070101-sx-001, 3411821707070101-sx-002 and 3411821707070101-sx-003 in favor of Mingguang Sanxun Yihaoyuan, permissions by the relevant local authority were given to commence the construction of Mingguang No. 1 Yard with a total gross floor area of approximately 99,704.64 sq.m.

6. Pursuant to 14 Pre-sale Permits – 2017 (Ming) Fang Yu Shou Nos. 76 to 78, 2018 (Ming) Fang Yu Shou Nos. 6, 7, 22, 23, 24, 36, 77, 93, 114, 2019 (Ming) Fang Yu Shou Nos 27 and 31 in favor of Mingguang Sanxun Yihaoyuan, the Group is entitled to sell portions of Mingguang No. 1 Yard (representing a total gross floor area of approximately 73,612.84 sq.m.) to purchasers.

7. Pursuant to 15 Construction Work Completion and Inspection Tables in favor of Mingguang Sanxun Yihaoyuan, the construction of Mingguang No. 1 Yard with a total gross floor area of approximately 100,252.38 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area**
		sq.m.
Group I – held for sale by the Group	Residential	3,629.75
	Commercial	58.47
	Total:	**3,688.22**

9. As advised by the Group, the property has been pre-sold to various third parties at a total consideration of RMB21,694,975. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB5,500 to RMB6,800 per sq.m. for residential units and RMB8,000 to RMB11,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. Mingguang Sanxun Yihaoyuan is legally and validly in possession of the land use rights of the property. Mingguang Sanxun Yihaoyuan has the rights to occupy, use, lease and dispose of the land parcel of the property;

    b. Mingguang Sanxun Yihaoyuan has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Mingguang Sanxun Yihaoyuan has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Yes

13. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
5.	Portions of Mingguang Park Villa located at the intersection of Moshan Avenue and Huaihe Avenue Mingguang City Anhui Province The PRC 明光公園墅	Mingguang Park Villa is located at the intersection of Moshan Avenue and Huaihe Avenue. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Mingguang Park Villa occupies a parcel of land with a site area of approximately 94,249.90 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in 2021 and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. The remaining portion of the project was under construction (the "**CIP**") as at the valuation date and is scheduled to be completed in September 2022. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 148,977.29 sq.m. As at the valuation date, the property comprised the unsold units and the CIP of Mingguang Park Villa with a total planned gross floor area of approximately 163,221.89 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. As advised by the Group, the construction cost of the CIP of the property is estimated to be approximately RMB326,400,000, of which approximately RMB195,800,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on April 7, 2088 for residential use and April 7, 2058 for commercial use.	As at the valuation date, the unsold units of the property were vacant and the remaining portion of the property was under construction.	431,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3411822017B00424 dated June 22, 2017, the land use rights of a parcel of land with a site area of approximately 94,249.90 sq.m. were contracted to be granted to Mingguang Sanxun Mingzhong Real Estate Co., Ltd. (明光三巽明中置業有限公司, "**Mingguang Sanxun Mingzhong**", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB270,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341182201707032, permission towards the planning of the aforesaid land parcel with a site area of approximately 94,249.90 sq.m. has been granted to Mingguang Sanxun Mingzhong.

3. Pursuant to a Real Estate Title Certificate – Wan (2018) Ming Guang Shi Bu Dong Chan Quan Di No. 0100328, the land use rights of the aforesaid land parcel with a site area of approximately 94,249.90 sq.m. have been granted to Mingguang Sanxun Mingzhong for the terms expiring on April 7, 2088 for residential use and April 7, 2058 for commercial use.

4. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di (Doumen) Nos. 341182201805034 and 341182201808055 in favor of Mingguang Sanxun Mingzhong, Mingguang Park Villa with total gross floor area of approximately 240,295.46 sq.m. has been approved for construction.

5. Pursuant to 4 Construction Work Commencement Permits – Nos. 3411821711150101-sx-001, 3411821711150101-sx-002, 3411821711150101-sx-004 and 3411821711150101-sx-005 in favor of Mingguang Sanxun Mingzhong, permissions by the relevant local authority were given to commence the construction of portions of Mingguang Park Villa with a total gross floor area of approximately 240,000.95 sq.m.

6. Pursuant to 28 Pre-sale Permits – 2018 (Ming) Fang Yu Shou Nos. 58 to 61, 81, 89, 92, 97, 98, 144, 2019 (Ming) Fang Yu Shou Nos. 10, 11, 12, 35, 40, 41, 67, 2020 (Ming) Fang Yu Shou Nos. 2, 3, 20, 22, 45, 46, 81, 82, 2021 (Ming) Fang Yu Shou Nos. 44, 45 and 46 in favor of Mingguang Sanxun Mingzhong, the Group is entitled to sell portions of Mingguang Park Villa (representing a total gross floor area of approximately 161,431.69 sq.m.) to purchasers.

7. Pursuant to 16 Construction Work Completion and Inspection Tables/Reports in favor of Mingguang Sanxun Mingzhong, the construction of portions of Mingguang Park Villa with a total gross floor area of approximately 87,770.67 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area/Gross Floor Area
		sq.m.
Group I – held for sale by the Group	Residential	14,244.60
	Sub-total:	**14,244.60**
Group II – held under development by the Group	Residential	106,514.31
	Commercial	4,822.96
	Ancillary	798.20
	Basement (inclusive of non-saleable car parking spaces)	36,841.82
	Sub-total:	**148,977.29**
	Total:	**163,221.89**

9. As advised by the Group, various residential units with a total gross floor area of approximately 14,244.60 sq.m. in Group I and various residential units with a total gross floor area of approximately 70,623.12 sq.m. in Group II of the property have been pre-sold to various third parties at a total consideration of RMB392,884,810. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB565,300,000.

11. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB4,200 to RMB5,500 per sq.m. for high-rise residential units, RMB8,000 to RMB10,000 per sq.m. for high-end low-rise residential units and RMB8,000 to RMB11,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. Mingguang Sanxun Mingzhong is legally and validly in possession of the land use rights of the property. Mingguang Sanxun Mingzhong has the rights to occupy, use, lease and dispose of the land parcel of the property;

    b. Mingguang Sanxun Mingzhong has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Mingguang Sanxun Mingzhong has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date**
	RMB
Group I – held for sale by the Group	67,200,000
Group II – held under development by the Group	363,800,000
Total:	**431,000,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
6.	Portions of Fengyang No. 1 Yard located at the eastern side of Youbi Road and the northern side of Changqiu Road Fengyang County Chuzhou City Anhui Province The PRC 鳳陽壹號院	Fengyang No. 1 Yard is located at the eastern side of Youbi Road and the northern side of Changqiu Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Fengyang No. 1 Yard occupies a parcel of land with a site area of approximately 75,927.00 sq.m., which had been developed into a residential development. The project was completed in April 2021, and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Fengyang No. 1 Yard with a total gross floor area of approximately 7,114.29 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for a term expiring on May 25, 2087 for residential use.	As at the valuation date, the property was vacant for sale.	62,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 34116 Pai Mai 2017 No. 0014 dated April 17, 2017 and a supplementary contract dated September 6, 2017, the land use rights of a parcel of land with a site area of approximately 75,927.00 sq.m. were contracted has been granted to Fengyang Sanxun Real Estate Co., Ltd. (鳳陽三巽置業有限公司, "**Fengyang Sanxun**", a wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB172,700,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341126201700068, permission towards the planning of the aforesaid land parcel with a site area of approximately 75,927.00 sq.m. has been granted to Fengyang Sanxun.

3. Pursuant to a Real Estate Title Certificate – Wan (2017) Feng Yang Xian Bu Dong Chan Quan Di No. 0004325, the land use rights of the aforesaid land parcel with a site area of approximately 75,927.00 sq.m. have been granted to Fengyang Sanxun for a term expiring on May 25, 2087 for residential use.

4. Pursuant to 40 Construction Work Planning Permits in favor of Fengyang Sanxun, Fengyang No. 1 Yard with a total gross floor area of approximately 139,761.65 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 3411261707290101-SX-001 and 3411261707290101-SX-002 in favor of Fengyang Sanxun, permissions by the relevant local authority were given to commence the construction of Fengyang No. 1 Yard with a total gross floor area of approximately 139,729.88 sq.m.

6. Pursuant to 34 Pre-sale Permits in favor of Fengyang Sanxun, the Group is entitled to sell portions of Fengyang No. 1 Yard (representing a total gross floor area of approximately 93,234.20 sq.m.) to purchasers.

7. Pursuant to 41 Construction Work Completion and Inspection Tables in favor of Fengyang Sanxun, the construction of Fengyang No. 1 Yard with a total gross floor area of approximately 140,305.51 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area
		sq.m.
Group I – held for sale by the Group	Residential	7,114.29
	Total:	**7,114.29**

9. As advised by the Group, various residential units with a total gross floor area of approximately 4,887.35 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB42,168,192. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB7,000 to RMB9,500 per sq.m. for residential units. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

a. Fengyang Sanxun is legally and validly in possession of the land use rights of the property. Fengyang Sanxun has the rights to occupy, use, lease and dispose of the land parcel of the property;

b. Fengyang Sanxun has obtained all requisite construction work approvals in respect of the actual development progress; and

c. Fengyang Sanxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Yes

13. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose of which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
7.	Portions of Bozhou Park Villa located at the eastern side of Xianweng Road and the northern side of Baishao East Road Qiaocheng District Bozhou City Anhui Province The PRC 亳州公園墅	Bozhou Park Villa is located at the eastern side of Xianweng Road and the northern side of Baishao East Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Bozhou Park Villa occupies a parcel of land with a site area of approximately 65,805.30 sq.m., which had been developed into a residential and commercial development. The project was completed in 2020, and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Bozhou Park Villa with a total gross floor area of approximately 14,164.79 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for the terms expiring on March 7, 2087 for residential use and March 7, 2057 for commercial use.	As at the valuation date, the property was vacant for sale.	117,600,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3416002016P015 dated December 1, 2016, and a supplementary contract dated December 22, 2016, the land use rights of a parcel of land with a site area of approximately 65,805.30 sq.m. were contracted to be granted to Bozhou Sanxun Chengnan Real Estate Co., Ltd. (亳州三巽城南置業有限公司, "**Bozhou Sanxun Chengnan**", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB173,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi No. 341600201700015, permission towards the planning of the aforesaid land parcel with a site area of approximately 65,805.30 sq.m. has been granted to Bozhou Sanxun Chengnan.

3. Pursuant to a Real Estate Title Certificate – Wan (2017) Bo Zhou Shi Bu Dong Chan Quan Di No. 0018824, the land use rights of the aforesaid land parcel with a site area of approximately 65,805.30 sq.m. have been granted to Bozhou Sanxun Chengnan for the terms expiring on March 7, 2087 for residential use and March 7, 2057 for commercial use.

4. Pursuant to 3 Construction Work Planning Permits – Jian Zi Di Nos. 341600201700157, 341600201700204 and 341600201700222 in favor of Bozhou Sanxun Chengnan, Bozhou Park Villa with a total gross floor area of approximately 183,473.81 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 3416021704060104-SX-001 and 3416021704060104-SX-002 in favor of Bozhou Sanxun Chengnan, permissions by the relevant local authority were given to commence the construction of Bozhou Park Villa with a total gross floor area of approximately 183,473.81 sq.m.

6. Pursuant to 25 Pre-sale Permits – Bo Fang Yu Shou Di Nos. 2017391, 2017280 to 2017290, 2017344, 2017371, 2017372, 2017373, 2017374, 2018102, 2018039, 2018040, 2018041, 2018042, 2018319, 2018320 and 2018321 in favor Bozhou Sanxun Chengnan, the Group is entitled to sell portions of Bozhou Park Villa (representing a total gross floor area of approximately 139,648.79 sq.m.) to purchasers.

7. Pursuant to 28 Construction Work Completion and Inspection Tables/Reports in favor of Bozhou Sanxun Chengnan, the construction of Bozhou Park Villa with a total gross floor area of approximately 183,042.51 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area
		sq.m.
Group I – held for sale by the Group	Residential	10,909.77
	Office	783.92
	Commercial	2,471.10
	Total:	**14,164.79**

9. As advised by the Group, various residential, office and commercial units with a total gross floor area of approximately 13,141.85 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB105,974,918. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential, commercial and office units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,700 to RMB8,300 per sq.m. for residential units, RMB12,000 to RMB15,000 per sq.m. for commercial units on first floor and RMB4,800 to RMB6,200 per sq.m. for office units. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. Bozhou Sanxun Chengnan is legally and validly in possession of the land use rights of the property. Bozhou Sanxun Chengnan has the rights to occupy, use, lease and dispose of the land parcel of the property;

    b. Bozhou Sanxun Chengnan has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Bozhou Sanxun Chengnan has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Yes

13. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
8.	Portions of Bozhou No. 1 Yard located at the western side of Jianan Road and the northern side of Duzhong Road Qiaocheng District Bozhou City Anhui Province The PRC 亳州壹號院	Bozhou No. 1 Yard is located at the western side of Jianan Road and the northern side of Duzhong Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Bozhou No. 1 Yard occupies a parcel of land with a site area of approximately 86,154.60 sq.m. which had been developed into a residential and commercial development. The project was completed in 2020, and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Bozhou No. 1 Yard with a total gross floor area of approximately 6,717.18 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for the terms expiring on October 11, 2086 for residential use and October 11, 2056 for commercial use.	As at the valuation date, the property was vacant for sale.	62,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3416002016P005 dated June 30, 2016, the land use rights of a parcel of land with a site area of approximately 86,154.60 sq.m. were contracted to be granted to Bozhou Sanxun Real Estate Co., Ltd. (亳州三巽置業有限公司, "**Bozhou Sanxun**", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB256,500,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 41600201600117, permission towards the planning of the aforesaid land parcel with a site area of approximately 86,154.60 sq.m. has been granted to Bozhou Sanxun.

3. Pursuant to a Real Estate Title Certificate – Wan (2017) Bo Zhou Shi Bu Dong Chan Quan Di No. 0009305, the land use rights of the aforesaid land parcel with a site area of approximately 86,154.60 sq.m. have been granted to Bozhou Sanxun for the terms expiring on October 11, 2086 for residential use and October 11, 2056 for commercial use.

4. Pursuant to 3 Construction Work Planning Permits – Jian Zi Di Nos. 341600201700106, 341600201700092 and 341600201700122 in favor Bozhou Sanxun, Bozhou No. 1 Yard with a total gross floor area of approximately 195,470.36 sq.m. has been approved for construction.

5. Pursuant to 3 Construction Work Commencement Permits – Nos. 3416001609230101-SX-001, 3416001609230101-SX-002 and 3416001609230101-SX-004 in favor of Bozhou Sanxun, permissions by the relevant local authority were given to commence the construction of Bozhou No. 1 Yard with a total gross floor area of approximately 194,689.61 sq.m.

6. Pursuant to 33 Pre-sale Permits – Bo Fang Yu Shou Di Nos. 2017068 to 2017076, 2017148 to 2017154, 2017203 to 2017206, 2017265 to 2017271, 2017346, 2017347, 2017348, 2018043, 2018044 and 2018173 in favor of Bozhou Sanxun, the Group is entitled to sell portions of Bozhou No. 1 Yard (representing a total gross floor area of approximately 151,701.33 sq.m.) to purchasers.

7. Pursuant to 34 Construction Work Completion and Inspection Tables in favor of Bozhou Sanxun, the construction of Bozhou No. 1 Yard with a total gross floor area of approximately 194,365.24 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area**
		sq.m.
Group I – held for sale by the Group	Residential	5,084.06
	Commercial	1,633.12
	Total:	**6,717.18**

9. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 4,102.31 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB34,680,891. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same building of the subject property and other newly completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,000 to RMB8,000 per sq.m. for high-rise residential units, RMB10,000 to RMB11,500 per sq.m. for high-end low-rise residential units and RMB12,000 to RMB15,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. Bozhou Sanxun is legally and validly in possession of the land use rights of the property. Bozhou Sanxun has the rights to occupy, use, lease and dispose of the land parcel of the property;

    b. Bozhou Sanxun has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Bozhou Sanxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Yes

13. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
9.	Portions of Bozhou Bo's Mansion located at the southern side of Yangsheng Avenue and the eastern side of Tangwang Avenue Qiaocheng District Bozhou City Anhui Province The PRC 亳州亳公館	Bozhou Bo's Mansion is located at the southern side of Yangsheng Avenue and the eastern side of Tangwang Avenue. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Bozhou Bo's Mansion occupies a parcel of land with a site area of approximately 29,904.00 sq.m., which had been developed into a residential and commercial development. The project was completed in 2020 and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Bozhou Bo's Mansion with a total gross floor area of approximately 9,081.56 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for the terms expiring on December 27, 2087 for residential use and December 27, 2057 for commercial use.	As at the valuation date, the property was vacant for sale.	73,400,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3416002017P013 dated September 1, 2017, and a supplementary contract dated October 18, 2017, the land use rights of a parcel of land with a site area of approximately 29,904.00 sq.m. were contracted to be granted to Bozhou Sanxun Gongguan Real Estate Co., Ltd. (亳州三巽公館置業有限公司, "**Bozhou Sanxun Gongguan**", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB159,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341600201700301, permission towards the planning of the aforesaid land parcel with a site area of approximately 29,904.00 sq.m. has been granted to Bozhou Sanxun Gongguan.

3. Pursuant to a Real Estate Title Certificate – Wan (2018) Bo Zhou Shi Bu Dong Chan Quan Di No. 0000051, the land use rights of the aforesaid land parcel with a site area of approximately 29,904.00 sq.m. have been granted to Bozhou Sanxun Gongguan for the terms expiring on December 27, 2087 for residential use and December 27, 2057 for commercial use.

4. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Nos. 34160020180065 and 341600201800077 in favor of Bozhou Sanxun Gongguan, Bozhou Bo's Mansion with a total gross floor area of approximately 75,227.95 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 3416001801120101-SX-001 in favor of Bozhou Sanxun Gongguan, permission by the relevant local authority was given to commence the construction of Bozhou Bo's Mansion with a total gross floor area of approximately 75,227.95 sq.m.

6. Pursuant to 12 Pre-sale Permits – Bo Fang Yu Shou Di Nos. 2018163, 2018366, 2018367, 2018368, 2018322, 2018164, 2018323, 2018165, 2018197, 2019037, 2019194 and 2019195 in favor of Bozhou Sanxun Gongguan, the Group is entitled to sell portions of Bozhou Bo's Mansion (representing a total gross floor area of approximately 56,530.12 sq.m.) to purchasers.

7. Pursuant to 15 Construction Work Completion and Inspection Tables in favor of Bozhou Sanxun Gongguan, the construction of Bozhou Bo's Mansion with a total gross floor area of approximately 75,081.98 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area**
		sq.m.
Group I – held for sale by the Group	Residential	6,812.16
	Commercial	2,269.40
	Total:	**9,081.56**

9. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 7,313.68 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB54,879,670. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,000 to RMB8,000 per sq.m. for residential units and RMB12,000 to RMB15,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. The land use rights of the property are subject to a mortgage;

    b. Bozhou Sanxun Gongguan is legally and validly in possession of the land use rights of the property. Bozhou Sanxun Gongguan has the rights to occupy, use, lease and dispose of the land parcel of the property. For the land parcel subject to the aforesaid mortgage, Bozhou Sanxun Gongguan has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

    c. Bozhou Sanxun Gongguan has obtained all requisite construction work approvals in respect of the actual development progress; and

    d. Bozhou Sanxun Gongguan has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Yes

13. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
10.	Bozhou Platinum House located at the southern side of Mudan Road and the western side of Xianweng Road Qiaocheng District Bozhou City Anhui Province The PRC 亳州鉑悦府	Bozhou Platinum House is located at the southern side of Mudan Road and the western side of Xianweng Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Bozhou Platinum House occupies a parcel of land with a site area of approximately 59,193.20 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in September 2021. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 148,300.86 sq.m. As at the valuation date, the property comprised the whole project of Bozhou Platinum House. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB307,700,000, of which approximately RMB269,400,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on April 19, 2088 for residential use and April 19, 2058 for commercial use.	As at the valuation date, the property was under construction.	874,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3416002017P019 dated November 17, 2017, and 2 supplementary contracts dated January 29, 2018 and September 28, 2018, the land use rights of a parcel of land with a site area of approximately 59,193.20 sq.m. were contracted to be granted to Bozhou Jiantou Sanxun Sanxun Real Estate Co., Ltd. (亳州建投三巽置業有限公司, "**Bozhou Jiantou Sanxun**", a 70%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB385,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341600201800177, permission towards the planning of the aforesaid land parcel with a site area of approximately 59,193.20 sq.m. has been granted to Bozhou Jiantou Sanxun.

3. Pursuant to a Real Estate Title Certificate – Wan (2018) Bo Zhou Shi Bu Dong Chan Quan Di No. 0047551, the land use rights of the aforesaid land parcel with a site area of approximately 59,193.20 sq.m. have been granted to Bozhou Jiantou Sanxun for the terms expiring on April 19, 2088 for residential use and April 19, 2058 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 341600201800330 in favor of Bozhou Jiantou Sanxun, Bozhou Platinum House with a total gross floor area of approximately 148,300.86 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 3416021712260101-SX-001 in favor of Bozhou Jiantou Sanxun, permission by the relevant local authority was given to commence the construction of Bozhou Platinum House with a total gross floor area of approximately 148,285.35 sq.m.

6. Pursuant to 16 Pre-sale Permits Bo Fang Yu Shou Di Nos. 2019012 to 2019018, 2019176, 2019177 and 2019286 to 2019292 in favor of Bozhou Jiantou Sanxun, the Group is entitled to sell portions of Bozhou Platinum House (representing a total gross floor area of approximately 113,507.10 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**
		sq.m.
Group II – held under development by the Group	Residential	107,376.85
	Commercial	7,746.94
	Ancillary	2,870.84
	Basement (inclusive of non-saleable car parking spaces)	30,306.23
	Total:	**148,300.86**

8. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 108,465.17 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB872,802,966. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB948,600,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,500 to RMB8,000 per sq.m. for residential units and RMB12,000 to RMB15,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. Bozhou Jiantou Sanxun is legally and validly in possession of the land use rights of the property. Bozhou Jiantou Sanxun has the rights to occupy, use, lease and dispose of the land parcel of the property;

    b. Bozhou Jiantou Sanxun has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Bozhou Jiantou Sanxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
11.	Portions of Bozhou Park Alley located at the southern side of Mudan Road and the western side of Xianweng Road Qiaocheng District Bozhou City Anhui Province The PRC 亳州公園里	Bozhou Park Alley is located at the southern side of Mudan Road and the western side of Xianweng Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Bozhou Park Alley occupies a parcel of land with a site area of approximately 51,206.90 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in 2020 and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. The remaining portion of the project was under construction (the "**CIP**") as at the valuation date and is scheduled to be completed in June 2022. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 85,607.16 sq.m. As at the valuation date, the property comprised the unsold units and the CIP of Bozhou Park Alley with a total planned gross floor area of approximately 93,356.23 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. As advised by the Group, the construction cost of the CIP of the property is estimated to be approximately RMB210,800,000, of which approximately RMB120,500,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on January 17, 2088 for residential use and January 17, 2058 for commercial use.	As at the valuation date, the unsold units of the property were vacant and the remaining portion of the property was under construction.	448,500,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3416002017G084 dated August 11, 2017 and a supplementary contract dated September 14, 2017, the land use rights of a parcel of land with a site area of approximately 51,206.90 sq.m. were contracted to be granted to Bozhou Sanxun Jinfurong Real Estate Co., Ltd. (亳州三巽金芙蓉置業有限公司, "**Bozhou Sanxun Jinfurong**", a 48%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB186,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341600201700263, permission towards the planning of the aforesaid land parcel with a site area of approximately 51,206.90 sq.m. has been granted to Bozhou Sanxun Jinfurong.

3. Pursuant to a Real Estate Title Certificate – Wan (2018) Bo Zhou Shi Bu Dong Chan Quan Di No. 0009772, the land use rights of the aforesaid land parcel with a site area of approximately 51,206.90 sq.m. have been granted to Bozhou Sanxun Jinfurong for the terms expiring on January 17, 2088 for residential use and January 17, 2058 for commercial use.

4. Pursuant to 4 Construction Work Planning Permits – Jian Zi Di Nos. 341600201800115, 341600201800133, 341600201800167 and 341600201900073 in favor of Bozhou Sanxun Jinfurong, Bozhou Park Alley with a total gross floor area of approximately 110,852.37 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 3416021801290102-SX-001 and 3416021801290102-SX-002 in favor of Bozhou Sanxun Jinfurong, permissions by the relevant local authority were given to commence the construction of Bozhou Park Alley with a total gross floor area of approximately 110,852.37 sq.m.

6. Pursuant to 27 Pre-sale Permits – Bo Fang Yu Shou Di Nos. 2018217 to 2018223, 2018312 to 2018318, 2019327 to 2019332, 2020248 to 2020252, 2020435 and 2020475 in favor of Bozhou Sanxun Jinfurong, the Group is entitled to sell portions of Bozhou Park Alley (representing a total gross floor area of approximately 83,077.72 sq.m.) to purchasers.

7. Pursuant to 15 Construction Work Completion and Inspection Tables in favor of Bozhou Sanxun Jinfurong, the construction of portions of Bozhou Park Alley with a total gross floor area of approximately 25,245.31 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area/Gross Floor Area
		sq.m.
Group I – held for sale by the Group	Residential	4,843.55
	Commercial	2,905.52
	Sub-total:	**7,749.07**
Group II – held under development by the Group	Residential	11,956.80
	Commercial	6,770.75
	Office	48,147.49
	Ancillary	264.82
	Basement (inclusive of non-saleable car parking spaces)	18,467.30
	Sub-total:	**85,607.16**
	Total:	**93,356.23**

9. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 7,749.07 sq.m. in Group I and various residential, office and commercial units with a total gross floor area of approximately 13,742.49 sq.m. in Group II of the property have been pre-sold to various third parties at a total consideration of RMB254,974,612. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB506,200,000.

11. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units, commercial units and office units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB11,000 to RMB13,000 per sq.m. for residential units, RMB13,000 to RMB17,000 per sq.m. for commercial units on the first floor and RMB4,800 to RMB6,200 per sq.m. for office units. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. Bozhou Sanxun Jinfurong is legally and validly in possession of the land use rights of the property. Bozhou Sanxun Jinfurong has the rights to occupy, use, lease and dispose of the land parcel of the property;

    b. Bozhou Sanxun Jinfurong has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Bozhou Sanxun Jinfurong has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date**
	RMB
Group I – held for sale by the Group	97,900,000
Group II – held under development by the Group	350,600,000
Total:	**448,500,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
12.	Bozhou Joy Mansion located at the western side of Sancao Road and the southern side of Shifu South Road Qiaocheng District Bozhou City Anhui Province The PRC 亳州和悅府	Bozhou Joy Mansion is located at the western side of Sancao Road and the southern side of Shifu South Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Bozhou Joy Mansion occupies a parcel of land with a site area of approximately 20,523.80 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in November 2022. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 65,843.14 sq.m. As at the valuation date, the property comprised the whole project of Bozhou Joy Mansion. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB153,800,000, of which approximately RMB59,800,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on August 7, 2089 for residential use and August 7, 2059 for commercial use.	As at the valuation date, the property was under construction.	225,600,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3416002019B07188 dated May 20, 2019 and a supplementary contract – 3416022019C039 dated June 17, 2019, the land use rights of a parcel of land with a site area of approximately 20,523.80 sq.m. were contracted to be granted to Bozhou Hexun Real Estate Co., Ltd. (亳州合巽置業有限公司, "**Bozhou Hexun**", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB101,450,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341600201900093, permission towards the planning of the aforesaid land parcel with a site area of approximately 20,523.80 sq.m. has been granted to Bozhou Hexun.

3. Pursuant to a Real Estate Title Certificate – Wan (2019) Bo Zhou Shi Bu Dong Chan Quan Di No. 0591907, the land use rights of the aforesaid land parcel with a site area of approximately 20,523.80 sq.m. have been granted to Bozhou Hexun for the terms expiring on August 7, 2089 for residential use and August 7, 2059 for commercial use.

4. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Nos. 341600201900251 and 341600202000015 in favor of Bozhou Hexun, Bozhou Joy Mansion with a total gross floor area of approximately 65,843.14 sq.m. has been approved for construction.

5. Pursuant to 3 Construction Work Commencement Permit – No. 3416021901290001-SX-001, 3416001909170001-SX-001 and 341600190917001-SX-002 in favor of Bozhou Hexun, permissions by the relevant local authority were given to commence the construction of Bozhou Joy Mansion with a total gross floor area of approximately 65,843.14 sq.m.

6. Pursuant to 3 Pre-sale Permits – Bo Zhu Jian Yu Shou Nos. 2020212, 2020213 and 2020245 in favor of Bozhou Hexun, the Group is entitled to sell portions of Bozhou Joy Mansion (representing a total gross floor area of approximately 15,526.64 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**
		sq.m.
Group II – held under development by the Group	Residential	46,570.66
	Commercial	3,393.56
	Ancillary	1,737.39
	Basement (inclusive of non-saleable car parking spaces)	14,141.53
	Total:	**65,843.14**

8. As advised by the Group, various residential units with a total gross floor area of approximately 7,226.44 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB50,656,884. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB397,700,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same building of the subject property and other newly completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,500 to RMB8,000 per sq.m. for residential units and RMB10,000 to RMB13,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. The land use rights of the property are subject to a mortgage.

    b. Bozhou Hexun is legally and validly in possession of the land use rights of the property. Bozhou Hexun has the rights to occupy, use, lease and dispose of the land parcel of the property. For the land parcel subject to the aforesaid mortgage, Bozhou Hexun has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

    c. Bozhou Hexun has obtained all requisite construction work approvals in respect of the actual development progress; and

    d. Bozhou Hexun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
13.	Portions of Bozhou Bofu Lingfeng located at the northern side of Shifu South Road and the western side of Sancao Road Qiaocheng District Bozhou City Anhui Province The PRC 亳州亳府凌楓	Bozhou Bofu Lingfeng is located at the northern side of Shifu South Road and the western side of Sancao Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Bozhou Bofu Lingfeng occupies a parcel of land with a site area of approximately 50,152.00 sq.m., which is being developed into a residential and commercial development. Portions of the project were under construction (the "**CIP**") as at the valuation date and are scheduled to be completed in December 2022. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 136,366.95 sq.m. As at the valuation date, the property comprised the CIP of Bozhou Bofu Lingfeng with a total planned gross floor area of approximately 136,366.95 sq.m. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB439,000,000, of which approximately RMB34,400,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on November 23, 2090 for residential use and November 23, 2060 for commercial use.	As at the valuation date, the property was under construction.	327,400,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3416022020C053 dated July 10, 2020 and a supplementary contract dated July 23, 2020, the land use rights of a parcel of land with a site area of approximately 50,152.00 sq.m. were contracted to be granted to Bozhou Xunsheng Real Estate Co., Ltd., (亳州巽晟置業有限公司, "**Bozhou Xunsheng**", a 35%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB293,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 41600202000102QC, permission towards the planning of the aforesaid land parcel with a site area of approximately 50,152.00 sq.m. has been granted to Bozhou Xunsheng.

3. Pursuant to a Real Estate Title Certificate – Wan (2020) Bozhou Shi Bu Dong Chan Quan Di No.0659048, the land use rights of the aforesaid land parcel with a site area of approximately 50,152.00 sq.m. have been granted to Bozhou Xunsheng for the terms expiring on November 23, 2090 for residential use and November 23, 2060 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 341521201820075QC in favor of Bozhou Xunsheng, Bozhou Bofu Lingfeng with a total gross floor area of approximately 138,662.81 sq.m. has been approved for construction.

5. Pursuant to 3 Construction Work Commencement Permits – 3416022009250005-SX-001, 3416022009250005-SX-002 and 341602202101060101 in favor of Bozhou Xunsheng, permissions by the relevant local authority were given to commence the construction of portions of Bozhou Bofu Lingfeng with a total gross floor area of approximately 136,622.95 sq.m.

6. Pursuant to 6 Pre-sale Permits – Bo Yu Shou Di Nos. 2020433, 434, 436, 476, 477 and 2021105 in favor of Bozhou Xunsheng, the Group is entitled to sell portions of Bozhou Bofu Lingfeng (representing a total gross floor area of approximately 43,515.49 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**
		sq.m.
Group II – held under development by the Group	Residential	100,065.17
	Commercial	5,716.90
	Ancillary	3,020.67
	Basement (inclusive of non-saleable car parking spaces)	27,564.21
	Total:	**136,366.95**

8. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 17,346.82 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB124,504,237. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB818,900,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB7,000 to RMB9,000 per sq.m. for residential units and RMB13,000 to RMB17,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. The land use rights of the property are subject to a mortgage;

    b. Bozhou Xunsheng is legally and validly in possession of the land use rights of the property. Bozhou Xunsheng has the rights to occupy, use, lease and dispose of the land parcel of the property. For the land parcel subject to the aforesaid mortgage, Bozhou Xunsheng has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

    c. Bozhou Xunsheng has obtained all requisite construction work approvals in respect of the actual development progress; and

    d. Bozhou Xunsheng has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Portion
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
14.	Portions of Lixin British Mansion located at the northern side of Qianjin Road and the western side of Qinglan Road Lixin County Bozhou City Anhui Province The PRC 利辛英倫華第	Lixin British Mansion are located at the northern side of Qianjin Road and the western side of Qinglan Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Lixin British Mansion occupies a parcel of land with a site area of approximately 53,188.00 sq.m. which had been developed into a residential and commercial development. The project was completed in March 2021, and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Lixin British Mansion with a total gross floor area of approximately 2,195.54 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for the terms expiring on August 12, 2086 for residential use and August 12, 2056 for commercial use.	As at the valuation date, the property was vacant for sale.	18,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3416232016(PAI)20 dated May 13, 2016, the land use rights of a parcel of land with a site area of approximately 53,188.00 sq.m. were contracted to be granted to Lixin Sanxun Real Estate Co., Ltd. (利辛縣三巽置業有限公司, "**Lixin Sanxun**", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB170,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341623201600025, permission towards the planning of the aforesaid land parcel with a site area of approximately 53,188.00 sq.m. has been granted to Lixin Sanxun.

3. Pursuant to a Real Estate Title Certificate – No. 2016·00020001, the land use rights of the aforesaid land parcel with a site area of approximately 53,188.00 sq.m. have been granted to Lixin Sanxun for the terms expiring on August 12, 2086 for residential use and August 12, 2056 for commercial use.

4. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Nos. 341623201600033 and 341623201600045 in favor of Lixin Sanxun, Lixin British Mansion with a total gross floor area of approximately 129,283.88 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 3416231609230101-SX-001 and 3416231609230101-SX-002 in favor of Lixin Sanxun, permissions by the relevant local authority were given to commence the construction of Lixin British Mansion with a total gross floor area of approximately 129,283.88 sq.m.

6. Pursuant to 13 Pre-sale Permits – (Li) Fang Yu Shou Zheng Di Nos. 16-078, 16-079, 16-080, 16-081, 16-082, 17-0015, 17-0019, 17-0020, 17-0027, 17-0040, 17-0041, 17-0048 and 19-0093 in favor of Lixin Sanxun, the Group is entitled to sell portions of Lixin British Mansion (representing a total gross floor area of approximately 103,386.86 sq.m.) to purchasers.

7. Pursuant to 17 Construction Work Completion and Inspection Tables in favor of Lixin Sanxun, the construction of portions of Lixin British Mansion with a total gross floor area of approximately 129,266.01 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area**
		sq.m.
Group I – held for sale by the Group	Residential	1,254.62
	Commercial	940.92
	Total:	**2,195.54**

9. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 1,799.65 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB14,440,646. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and commercial units within the same building of the subject property and other newly completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB7,000 to RMB9,000 for residential units and from RMB10,000 to RMB13,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. Lixin Sanxun is legally and validly in possession of the land use rights of the property. Lixin Sanxun has the rights to occupy, use, lease and dispose of the land parcel of the property;

    b. Lixin Sanxun has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Lixin Sanxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Yes

13. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose of which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
15.	Portions of Lixin Platinum House located at the northern side of Qianjin Road and the western side of Shiji Avenue Lixin County Bozhou City Anhui Province The PRC 利辛鉑悅府	Lixin Platinum House is located at the northern side of Qianjin Road and the western side of Shiji Avenue. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Lixin Platinum House occupies 2 parcels of land with a total site area of approximately 96,231.21 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in 2020 and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. The remaining portion of the project was under construction (the "**CIP**") as at the valuation date and is scheduled to be completed in December 2023. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 182,731.59 sq.m. As at the valuation date, the property comprised the unsold units and the CIP of Lixin Platinum House with a total planned gross floor area of approximately 189,510.73 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. As advised by the Group, the construction cost of the CIP of the property is estimated to be approximately RMB353,000,000, of which approximately RMB122,700,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on October 11, 2088 and April 14, 2090 for residential use and October 11, 2058 and April 14, 2060 for commercial use.	As at the valuation date, the unsold units of the property were vacant and the remaining portion of the property was under construction.	531,800,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts – 3416232018(PAI)33 and 3416232018(PAI)34 dated August 14, 2018, the land use rights of 2 parcels of land with a total site area of approximately 96,231.36 sq.m. (including the land use rights of the property) were contracted to be granted to Lixin Sanxun Zhongtong Real Estate Co., Ltd. (利辛縣三巽中通置業有限公司, "**Lixin Sanxun Zhongtong**", a 60%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB400,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341623201800028, permission towards the planning of a parcel of land of the property with site area of approximately 96,231.36 sq.m. has been granted to Lixin Sanxun Zhongtong.

3. Pursuant to 2 State-owned Land Use Rights Certificates – Wan (2018) Li Xin Bu Dong Chan Di No. 0005800 and Wan (2020) Li Xin Bu Dong Chan Di No. 0002853, the land use rights of 2 parcels of land of the property with a total site area of approximately 96,231.21 sq.m. have been granted to Lixin Sanxun Zhongtong for the terms expiring on October 11, 2088 and April 14, 2090 for residential use and October 11, 2058 and April 14, 2060 for commercial use.

4. Pursuant to 4 Construction Work Planning Permits – Jian Zi Nos. 341623201800049, 341623201800050, 341623201800056 and 3416202000018 in favor of Lixin Sanxun Zhongtong, Lixin Platinum House with a total gross floor area of approximately 229,634.65 sq.m. has been approved for construction.

5. Pursuant to 4 Construction Work Commencement Permits – Nos. 3416231810160101-SX-002(BU), 3416231810160101-SX-003, 3416232004160002-SX-001 and 3415232019041899-SX-001 in favor of Lixin Sanxun Zhongtong, permissions by the relevant local authority were given to commence the construction of Lixin Platinum House with a total gross floor area of approximately 229,634.65 sq.m.

6. Pursuant to 21 Pre-sale Permits – (Li) Fang Yu Shou Zheng Di Nos. 19-0004, 19-0007, 19-0008, 19-0021, 19-0022, 19-0038, 19-0048 to 19-0050, 19-0092, 19-0120, 19-0126, 19-0127, 20-0163, 20-0198, 21-0010, 21-0011 and 21-0058 to 21-0061 in favor of Lixin Sanxun Zhongtong, the Group is entitled to sell portions of Lixin Platinum House (representing a total gross floor area of approximately 124,947.03 sq.m. to purchasers.

7. Pursuant to 11 Construction Work Completion and Inspection Reports in favor of Lixin Sanxun Zhongtong, the construction of portions of Lixin Platinum House with a total gross floor area of approximately 46,889.47 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area/Gross Floor Area
		sq.m.
Group I – held for sale by the Group	Residential	6,640.45
	Commercial	138.69
	Sub-total:	**6,779.14**
Group II – held under development by the Group	Residential	126,127.12
	Commercial	8,723.63
	Ancillary	1,121.25
	Basement (inclusive of non-saleable car parking spaces)	46,759.59
	Sub-total:	**182,731.59**
	Total:	**189,510.73**

9. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 6,779.14 sq.m. in Group I and various residential and commercial units with a total gross floor area of approximately 28,600.20 sq.m. in Group II of the property have been pre-sold to various third parties at a total consideration of RMB227,039,125. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB923,900,000.

11. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,300 to RMB8,000 per sq.m. for residential units and RMB13,000 to RMB16,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. The land use rights of a parcel of land of the property are subject to a mortgage;

    b. Lixin Sanxun Zhongtong is legally and validly in possession of the land use rights of the property. Lixin Sanxun Zhongtong has the rights to occupy, use, lease and dispose of the land parcels of the property. For the land parcel subject to the aforesaid mortgage, Lixin Sanxun Zhongtong has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

    c. Lixin Sanxun Zhongtong has obtained all requisite construction work approvals in respect of the actual development progress; and

    d. Lixin Sanxun Zhongtong has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date**
	RMB
Group I – held for sale by the Group	47,600,000
Group II – held under development by the Group	484,200,000
Total:	**531,800,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
16.	Portions of Lixin No. 1 Yard located at the intersection of Changchun Road and Feihe Avenue Lixin County Bozhou City Anhui Province The PRC 利辛壹號院	Lixin No. 1 Yard is located at the intersection of Changchun Road and Feihe Avenue. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Lixin No. 1 Yard occupies a parcel of land with a site area of approximately 57,445.52 sq.m., which had been developed into a residential and commercial development. The project was completed in 2020, and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Lixin No. 1 Yard with a total gross floor area of approximately 1,419.55 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for the terms expiring on July 29, 2087 for residential use and July 29, 2057 for commercial use.	As at the valuation date, the property was vacant for sale.	10,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3416232017(PAI)10 dated May 25, 2017, the land use rights of a parcel of land with a site area of approximately 57,445.52 sq.m. were contracted to be granted to Lixin Sanxun Jiantou Real Estate Co., Ltd. (利辛縣三巽建投置業有限公司, "**Lixin Sanxun Jiantou**", a 70%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB227,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341623201700017, permission towards the planning of the aforesaid land parcel with a site area of approximately 57,445.52 sq.m. has been granted to Lixin Sanxun Jiantou.

3. Pursuant to a Real Estate Title Certificate – 2017·0013852, the land use rights of the aforesaid land parcel with a site area of approximately 57,445.52 sq.m. have been granted to Lixin Sanxun Jiantou for the terms expiring on July 29, 2087 for residential use and July 29, 2057 for commercial use.

4. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Nos. 341623201700020 and 341623201700038 in favor of Lixin Sanxun Jiantou, Lixin No. 1 Yard with a total gross floor area of approximately 150,897.04 sq.m. has been approved for construction.

5. Pursuant to 3 Construction Work Commencement Permits – Nos. 3416231708140101-SX-001, 3416231708140101-SX-002 and 3416231708140101-SX-003 in favor of Lixin Sanxun Jiantou, permissions by the relevant local authority were given to commence the construction of Lixin No. 1 Yard with a total gross floor area of approximately 150,897.04 sq.m.

6. Pursuant to 12 Pre-sale Permits – (Li) Fang Yu Shou Zheng Di Nos.18-0009, 18-0094, 18-0030, 18-0032, 18-0033, 18-0037, 18-0075, 18-0053, 18-0054, 18-0066, 19-0041 and 19-0045 in favor of Lixin Sanxun Jiantou, the Group is entitled to sell portions of Lixin No. 1 Yard (representing a total gross floor area of approximately 113,795.49 sq.m.) to purchasers.

7. Pursuant to 20 Construction Work Completion and Inspection Tables in favor of Lixin Sanxun Jiantou, the construction of Lixin No. 1 Yard with a total gross floor area of approximately 150,670.27 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area**
		sq.m.
Group I – held for sale by the Group	Residential	1,242.65
	Commercial	176.90
	Total:	**1,419.55**

9. As advised by the Group, the property has been pre-sold to various third parties at a total consideration of RMB10,022,218. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,000 to RMB8,000 for residential units and RMB7,000 to RMB9,000 for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. Lixin Sanxun Jiantou is legally and validly in possession of the land use rights of the property. Lixin Sanxun Jiantou has the rights to occupy, use, lease and dispose of the land parcel of the property;

    b. Lixin Sanxun Jiantou has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Lixin Sanxun Jiantou has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Yes

13. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose of which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
17.	Portions of Lixin Wenzhou House located at the southern side of Wenxi Road and the eastern side of Shiji Avenue Lixin County Bozhou City Anhui Province The PRC 利辛文州府	Lixin Wenzhou House is located at the southern side of Wenxi Road and the eastern side of Shiji Avenue. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Lixin Wenzhou House occupies a parcel of land with a site area of approximately 49,120.02 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in 2021 and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. The remaining portion of the project was under construction (the "**CIP**") as at the valuation date and is scheduled to be completed in December 2021. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 36,959.21 sq.m. As at the valuation date, the property comprised the unsold units and the CIP of Lixin Wenzhou House with a total planned gross floor area of approximately 89,509.05 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. As advised by the Group, the construction cost of the CIP of the property is estimated to be approximately RMB86,900,000, of which approximately RMB53,500,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on May 22, 2088 for residential use and May 22, 2058 for commercial use.	As at the valuation date, the unsold units of the property were vacant and the remaining portion of the property was under construction.	414,100,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3416232018(PAI)05 dated March 8, 2018, the land use rights of a parcel of land with a site area of approximately 49,120.02 sq.m. were contracted to be granted to Lixin Sanxun Bangtai Real Estate Co., Ltd. (利辛縣三巽邦泰置業有限公司, "**Lixin Sanxun Bangtai**", a 51%-owned subsidiary of the Company for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB232,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341623201800012, permission towards the planning of the aforesaid land parcel with a site area of approximately 49,120.02 sq.m. has been granted to Lixin Sanxun Bangtai.

3. Pursuant to a Real Estate Title Certificate – Wan (2018) Lixin Xian Bu Dong Chan Quan No. 0003172, the land use rights of the aforesaid land parcel with a site area of approximately 49,120.02 sq.m. have been granted to Lixin Sanxun Bangtai for the terms expiring on May 22, 2088 for residential use and May 22, 2058 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 341623201800022 in favor of Lixin Sanxun Bangtai, Lixin Wenzhou House with a total gross floor area of approximately 124,215.98 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 3416231804260101-SX-001 in favor of Lixin Sanxun Bangtai, permission by the relevant local authority was given to commence the construction of Lixin Wenzhou House with a total gross floor area of approximately 124,215.98 sq.m.

6. Pursuant to 14 Pre-sale Permits – (Li) Fang Yu Shou Zheng Di Nos. 18-0063, 18-0064, 18-0067, 18-0071, 18-0078, 18-0084, 18-0091, 18-0100, 19-0001, 19-0002, 19-0003, 19-0009, 19-0029 and 19-0168 in favor of Lixin Sanxun Bangtai, the Group is entitled to sell portions of Lixin Wenzhou House (representing a total gross floor area of approximately 95,875.11 sq.m.) to purchasers.

7. Pursuant to 13 Construction Work Completion and Inspection in favor of Lixin Sanxun Bangtai, the construction of portions of Lixin Wenzhou House with a total gross floor area of approximately 87,345.92 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area/Gross Floor Area
		sq.m.
Group I – held for sale by the Group	Residential	49,012.93
	Commercial	3,536.91
	Sub-total:	**52,549.84**
Group II – held under development by the Group	Residential	9,056.61
	Commercial	1,980.81
	Ancillary	1,611.03
	Basement (inclusive of non-saleable car parking spaces)	24,310.76
	Sub-total:	**36,959.21**
	Total:	**89,509.05**

9. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 51,426.45 sq.m. in Group I and various residential and commercial units with a total gross floor area of approximately 10,402.16 sq.m. in Group II of the property have been pre-sold to various third parties at a total consideration of RMB438,653,614. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB81,100,000.

11. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,000 to RMB8,000 per sq.m. for residential units and RMB8,000 to RMB10,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. Lixin Sanxun Bangtai is legally and validly in possession of the land use rights of the property. Lixin Sanxun Bangtai has the rights to occupy, use, lease and dispose of the land parcel of the property;

    b. Lixin Sanxun Bangtai has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Lixin Sanxun Bangtai has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date**
	RMB
Group I – held for sale by the Group	373,300,000
Group II – held under development by the Group	40,800,000
Total:	**414,100,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
18.	Lixin Elegance located at the northern side of Xuefu Road and the western side of Chezhe Ditch Lixin County Bozhou City Anhui Province The PRC 利辛風華和悦	Lixin Elegance is located at the northern side of Xuefu Road and the western side of Chezhe Ditch. The locality is a newly developed area where municipal facilities, amenities and public transportation network are still under development. Lixin Elegance occupies a parcel of land with a site area of approximately 88,996.95 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in August 2022. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 203,699.92 sq.m. As at the valuation date, the property comprised the whole project of Lixin Elegance. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB472,100,000, of which approximately RMB201,300,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on April 17, 2089 for residential use and April 17, 2059 for commercial use.	As at the valuation date, the property was under construction.	545,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3416232019 (Pai) 2 dated March 18, 2019, the land use rights of a parcel of land with a site area of approximately 88,996.95 sq.m. were contracted to be granted to Lixin Sanxun Zhongtong Nancheng Real Estate Co., Ltd. (利辛縣三巽中通南城置業有限公司, "**Lixin Sanxun Zhongtong Nancheng**", a 55%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB174,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341623201900011, permission towards the planning of the aforesaid land parcel with a site area of approximately 88,996.95 sq.m. has been granted to Lixin Sanxun Zhongtong Nancheng.

3. Pursuant to a Real Estate Title Certificate – Wan (2019) Li Xin Xian Bu Dong Chan Quan Di No. 0003881, the land use rights of the aforesaid land parcel with a site area of approximately 88,996.95 sq.m. have been granted to Lixin Sanxun Zhongtong Nancheng for the terms expiring on April 17, 2089 for residential use and April 17, 2059 for commercial use.

4. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Nos. 341623201800016 and 341623201900021 in favor of Lixin Sanxun Zhongtong Nancheng, Lixin Elegance with a total gross floor area of approximately 203,699.92 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 3416231804260101-SX-001(Bu) and 3416231908070001-SX-001 in favor of Lixin Sanxun Zhongtong Nancheng, permissions by the relevant local authority were given to commence the construction of Lixin Elegance with a total gross floor area of approximately 203,699.92 sq.m.

6. Pursuant to 24 Pre-sale Permits – (Li) Fang Yu Shou Zheng Di Nos. 19-0097 to 19-0103, 19-0128 to 19-0132, 19-0169, 19-0170, 20-0040 to 20-0045, 21-0025, 20-0188, 20-0189 and 21-0026 in favor of Lixin Sanxun Zhongtong Nancheng, the Group is entitled to sell portions of Lixin Elegance (representing a total gross floor area of approximately 145,193.94 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out:

Group	**Usage**	**Planned Gross Floor Area**
		sq.m.
Group II – held under development by the Group	Residential	155,132.22
	Commercial	5,349.07
	Ancillary	1,010.03
	Basement (inclusive of non-saleable car parking spaces)	42,208.60
	Total:	**203,699.92**

8. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 95,416.85 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB588,683,904. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,013,000,000.

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,000 to RMB7,500 per sq.m. for residential units and RMB8,000 to RMB10,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

a. Lixin Sanxun Zhongtong Nancheng is legally and validly in possession of the land use rights of the property. Lixin Sanxun Zhongtong Nancheng has the rights to occupy, use, lease and dispose of the land parcel of the property;

b. Lixin Sanxun Zhongtong Nancheng has obtained all requisite construction work approvals in respect of the actual development progress; and

c. Lixin Sanxun Zhongtong Nancheng has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
19.	Lixin State Guest Garden located at the southern side of Jinxiu Road and the western side of Chuangye Road Lixin County Bozhou City Anhui Province The PRC 利辛國賓府臻園	Lixin State Guest Garden is located at the southern side of Jinxiu Road and the western side of Chuangye Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Lixin State Guest Garden occupies a parcel of land with a site area of approximately 64,825.42 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in April 2022. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 164,378.02 sq.m. As at the valuation date, the property comprised the whole project of Lixin State Guest Garden. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB320,900,000, of which approximately RMB170,200,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on September 25, 2089 for residential use and September 25, 2059 for commercial use.	As at the valuation date, the property was under construction.	658,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3416232019 (Pai) 43 dated August 29, 2019, the land use rights of a parcel of land with a site area of approximately 64,825.42 sq.m. were contracted to be granted Lixin Taixun Real Estate Co., Ltd. (利辛縣泰巽置業有限公司, "**Lixin Taixun**", a 34%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB287,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341623201900031, permission towards the planning of the aforesaid land parcel with a site area of approximately 64,825.42 sq.m. has been granted to Lixin Taixun.

3. Pursuant to a Real Estate Title Certificate – Wan (2019) Li Xin Xian Bu Dong Chan Quan Di No. 0011179, the land use rights of the aforesaid land parcel with a site area of approximately 64,825.42 sq.m. have been granted to Lixin Taixun for the terms expiring on September 25, 2089 for residential use and September 25, 2059 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 341623201900038 in favor of Lixin Taixun, Lixin State Guest Garden with a total gross floor area of approximately 164,378.02 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 3416001910180001-SX-001 and 3416001910180001-SX-002 in favor of Lixin Taixun, permissions by the relevant local authority were given to commence the construction of Lixin State Guest Garden with a total gross floor area of approximately 164,378.02 sq.m.

6. Pursuant to 19 Pre-sale Permits – Li Fang Yu Shou Zheng Di Nos. 19-0162, 19-0163, 20-0014 to 20-0017, 20-0053, 20-0057, 20-0063 to 20-0066, 20-0085 to 20-0088, 20-0099, 20-0100 and 20-0116 in favor of Lixin Taixun, the Group is entitled to sell portions of Lixin State Guest Garden (representing a total gross floor area of approximately 126,218.10 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out:

Group	**Usage**	**Planned Gross Floor Area**
		sq.m.
Group II – held under development by the Group	Residential	119,707.36
	Commercial	6,520.74
	Ancillary	4,205.63
	Basement (inclusive of non-saleable car parking spaces)	33,944.29
	Total:	**164,378.02**

8. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 115,923.92 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB880,941,135. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB976,900,000.

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,000 to RMB8,000 per sq.m. for residential units and RMB12,000 to RMB15,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

a. The land use rights of the property are subject to a mortgage;

b. Lixin Taixun is legally and validly in possession of the land use rights of the property. Lixin Taixun has the rights to occupy, use, lease and dispose of the land parcel of the property. For the land parcel subject to the aforesaid mortgage, Lixin Taixun has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

c. Lixin Taixun has obtained all requisite construction work approvals in respect of the actual development progress; and

d. Lixin Taixun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
20.	Guoyang Territory located at the eastern side of Yuying Road and the southern side of Jinxiu Avenue Guoyang County Bozhou City Anhui Province The PRC 渦陽江山印	Guoyang Territory is located at the eastern side of Yuying Road and the southern side of Jinxiu Avenue. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Guoyang Territory occupies a parcel of land with a site area of approximately 84,479.36 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in May 2022. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 211,361.05 sq.m. As at the valuation date, the property comprised the whole project of Guoyang Territory. The classification, usage and gross floor area details of the property are set out in note 7. As advise by the Group, the construction cost of the property is estimated to be approximately RMB408,700,000, of which approximately RMB236,200,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on June 23, 2089 for residential use and June 23, 2059 for commercial use.	As at the valuation date, the property was under construction.	779,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – Wo Rang He Zi 201909 dated May 22, 2019 and a supplementary contract dated May 23, 2019, the land use rights of a parcel of land with a site area of approximately 84,479.36 sq.m. were contracted to be granted to Guoyang Taixun Real Estate Co., Ltd. (渦陽縣泰巽置業有限公司, "**Guoyang Taixun**", a 30%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB280,048,990.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 3416212019070201, permission towards the planning of the aforesaid land parcel with a site area of approximately 84,479.36 sq.m. has been granted to Guoyang Taixun.

3. Pursuant to a Real Estate Title Certificate – Wan (2019) Guo Yang Xian Bu Dong Chan Di No. 0008115, the land use rights of the aforesaid land parcel with a site area of approximately 84,479.36 sq.m. have been granted to Guoyang Taixun for the terms expiring on June 23, 2089 for residential use and June 23, 2059 for commercial use.

4. Pursuant to 3 Construction Work Planning Permits – Jian Zi Di Nos. 3416212019082602, 3416212019082605 and 3416212019082603 in favor of Guoyang Taixun, Guoyang Territory with a total gross floor area of approximately 211,361.05 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 3416211908070002-SX-001 in favor of Guoyang Taixun, permission by the relevant local authority was given to commence the construction of Guoyang Territory with a total gross floor area of approximately 211,361.05 sq.m.

6. Pursuant to 25 Pre-sale Permits – (Guo) Fang Yu Shou Zheng Di Nos. 2019099 to 2019102, 2019120, 2019108, 2020011 to 2020018, 2020074 to 2020076, 2020089, 2020156, 2021015 and 2020132 to 2020136 in favor of Guoyang Taixun, the Group is entitled to sell portions of Guoyang Territory (representing a total gross floor area of approximately 163,914.89 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out:

Group	Usage	Planned Gross Floor Area
		sq.m.
Group II – held under development by the Group	Residential	165,463.56
	Commercial	893.34
	Ancillary	4,212.48
	Basement (inclusive of non-saleable car parking spaces)	40,791.67
	Total:	**211,361.05**

8. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 142,754.40 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB936,599,781. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,102,900,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,000 to RMB7,500 per sq.m. for residential units and RMB16,000 to RMB20,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. The land use rights of the property are subject to a mortgage;

    b. Guoyang Taixun is legally and validly in possession of the land use rights of the property. Guoyang Taixun has the rights to occupy, use, lease and dispose of the land parcel of the property. For the land parcel subject to the aforesaid mortgage, Guoyang Taixun has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

    c. Guoyang Taixun has obtained all requisite construction work approvals in respect of the actual development progress; and

    d. Guoyang Taixun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
21.	Hefei Elegance located at the northern side of Yuxi Road and the eastern side of Zhangshan Road Yaohai District Hefei City Anhui Province The PRC 合肥和悦風華	Hefei Elegance is located at the northern side of Yuxi Road and the eastern side of Zhangshan Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Hefei Elegance occupies a parcel of land with a site area of approximately 26,380.07 sq.m., which is being developed into a residential development. The project was under construction as at the valuation date and is scheduled to be completed in October 2021. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 71,401.33 sq.m. As at the valuation date, the property comprised the whole project of Hefei Elegance. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB219,900,000, of which approximately RMB209,100,000 had been incurred as at the valuation date. The land use rights of the property have been granted for a term expiring on January 19, 2089 for residential use.	As at the valuation date, the property was under construction.	710,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – He Di Yao Hai Jing Ying (2018) No. 208 dated December 21, 2018, and 2 Supplementary Contracts dated December 21, 2018 and January 17, 2019, the land use rights of a parcel of land with a site area of approximately 26,380.07 sq.m. were contracted to be granted to Hefei Sanxun Real Estate Co., Ltd. (合肥三巽置業有限公司, "**Hefei Sanxun**", a 60%-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB354,152,440.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 340102201900003, permission towards the planning of the aforesaid land parcel with a site area of approximately 26,380.07 sq.m. has been granted to Hefei Sanxun.

3. Pursuant to a Real Estate Title Certificate – Wan (2019) He Bu Dong Chan Quan No. 0000111, the land use rights of the aforesaid land parcel with a site area of approximately 26,380.07 sq.m. has been granted to Hefei Sanxun for a term expiring on January 19, 2089 for residential use.

4. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Nos. 340102201910041 and 340102201910038 in favor of Hefei Sanxun, Hefei Elegance with a total gross floor area of approximately 71,401.30 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 3401021903150101-SX-001 and 3401021903150101-SX-003 in favor of Hefei Sanxun, permissions by the relevant local authority were given to commence the construction of portions of Hefei Elegance with a total gross floor area of approximately 71,401.30 sq.m.

6. Pursuant to 12 Pre-sale Permits – He Fang Yu Shou Zheng Di Nos. 20190439, 20190440, 20190400, 20190438, 20191045, 20191046, 20191250, 20190762, 20190763, 20190869, 20200273 and 2020062 in favor of Hefei Sanxun, the Group is entitled to sell portions of Hefei Elegance (representing a total gross floor area of approximately 66,859.70 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**	**No. of saleable car parking space**
		(sq.m.)	
Group II – held under development by the Group	Residential	51,073.22	
	Commercial	505.49	
	Ancillary	1,762.34	
	Basement (inclusive of car parking spaces)	18,060.28	301
	Total:	**71,401.33**	**301**

8. As advised by the Group, various residential, commercial units and car parking spaces with a total gross floor area of approximately 54,145.86 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB710,908,212. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB729,200,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units, commercial units and car parking spaces within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB12,000 to RMB14,500 per sq.m. for residential units, RMB15,000 to RMB17,000 per sq.m. for commercial units on the first floor and RMB80,000 to RMB100,000 per car parking space. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. The land use rights of the property are subject to a mortgage;

    b. Hefei Sanxun is legally and validly in possession of the land use rights of the property. Hefei Sanxun has the rights to occupy, use, lease and dispose of the land parcel of the property; For the land parcel subject to the aforesaid mortgage, Hefei Sanxun has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

    c. Hefei Sanxun has obtained all requisite construction work approvals in respect of the actual development progress; and

    d. Hefei Sanxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
22.	Hefei Jade Orient located at the eastern side of Banta North Road and the northern side of Fengleting Road Yaohai District Hefei City Anhui Province The PRC 合肥翡麗東方	Hefei Jade Orient is located at the eastern side of Banta North Road and the northern side of Fengleting Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Hefei Jade Orient occupies 2 parcels of land with a total site area of approximately 59,233.09 sq.m., which is being developed into a residential development. The project was under construction as at the valuation date and is scheduled to be completed in December 2022. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 157,854.21 sq.m. As at the valuation date, the property comprised the whole project of Hefei Jade Orient. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB400,500,000, of which approximately RMB224,700,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on May 5, 2089 for residential use and May 5, 2059 for commercial use.	As at the valuation date, the property was under construction.	1,301,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – He Di Yao Hai Jing Ying 2019 No. 29 dated April 8, 2019 and 2 Supplementary Contracts dated April 8, 2019 and May 10, 2019, the land use rights of 2 parcels of land with a total site area of approximately 59,233.09 sq.m. were contracted to be granted to Hefei Jiusan Real Estate Co., Ltd. (合肥玖叁置業有限公司, "**Hefei Jiusan**", a 30%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB928,478,686.

2. Pursuant a Construction Land Planning Permit – Di Zi Di No. 340102201900011, permission towards the planning of the aforesaid land parcels with a total site area of approximately 59,233.09 sq.m. has been granted to Hefei Jiusan.

3. Pursuant to 2 Real Estate Title Certificates – Wan (2019) He Fei Shi Bu Dong Chan Quan Di Nos. 1100052 and 1100053, the land use rights of the aforesaid land parcels with a total site area of approximately 59,233.09 sq.m. have been granted to Hefei Jiusan for the terms expiring on May 5, 2089 for residential use and May 5, 2059 for commercial use.

4. Pursuant to 21 Construction Work Planning Permits – Jian Zi Di Nos. 34010220190063, 34010220190069 to 34010220190071 and 340102201910093 to 340102201910104 and 340102201910106 to 340102201910110 in favor of Hefei Jiusan, Hefei Jade Orient with a total gross floor area of approximately 157,859.21 sq.m. has been approved for construction.

5. Pursuant to 3 Construction Work Commencement Permits – Nos. 340102190715150001-SX-001, 3401021907150001-SX-003 and 3401021907150001-SX-006 in favor of Hefei Jiusan, permissions by the relevant local authority were given to commence the construction of Hefei Jade Orient with a total gross floor area of approximately 157,859.21 sq.m.

6. Pursuant to 12 Pre-sale Permit – He Fang Yu Shou Zheng Di Nos. 20190920 to 20190922, 20191401, 20200109, 20200225, 20200656, 20200834, 20200890, 20210176, 20201262 and 20201263 in favor of Hefei Jiusan, the Group is entitled to sell portions of Hefei Jade Orient (representing a total gross floor area of approximately 94,794.37 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**	**No. of saleable car parking space**
		sq.m.	
Group II – held under development by the Group	Residential	114,805.60	
	Commercial	1,276.82	
	Ancillary	2,167.58	
	Basement (inclusive of car parking spaces)	39,604.21	816
	Total:	**157,854.21**	**816**

8. As advised by the Group, various residential units and car parking spaces with a total gross floor area of approximately 79,689.83 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,039,382,203. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,633,400,000.

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units, commercial units and car parking spaces within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB12,000 to RMB14,500 per sq.m. for residential units, RMB15,000 to RMB17,000 per sq.m. for commercial units on the first floor and RMB100,000 to RMB130,000 per car parking space. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

a. The land use rights of the property are subject to a mortgage;

b. Hefei Jiusan is legally and validly in possession of the land use rights of the property. Hefei Jiusan has the rights to occupy, use, lease and dispose of the land parcels of the property. For the land parcels subject to the aforesaid mortgage, Hefei Jiusan has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

c. Hefei Jiusan has obtained all requisite construction work approvals in respect of the actual development progress; and

d. Heifei Jiusan has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
23.	Hefei Cloud Garden located at the eastern side of Qishan Road and the northern side of Qilu Road Chaohu City Anhui Province The PRC 合肥雲著園	Hefei Cloud Garden is located at the eastern side of Qishan Road and the northern side of Qilu Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Hefei Cloud Garden occupies a parcel of land with a site area of approximately 66,650.10 sq.m., which is being developed into a residential and commercial development. Portions of the project were under construction (the "**CIP**") as at the valuation date and are scheduled to be completed in December 2023. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 99,342.32 sq.m. The construction of the remaining portion of the project with a planned gross floor area of approximately 63,815.89 sq.m. or a plot ratio accountable gross floor area of approximately 61,755.00 sq.m. (the "**bare land**") had not been commenced as at the valuation date. As at the valuation date, the property comprised the whole project of Hefei Cloud Garden with a total planned gross floor area of approximately 163,158.21 sq.m. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the CIP of the property is estimated to be approximately RMB165,500,000, of which approximately RMB112,900,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on July 11, 2089 for residential use and July 11, 2059 for commercial use.	As at the valuation date, portions of the property were under construction and the remaining portion of the property was bare land.	737,900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 340181 Churang 2019 No. J17 dated July 12, 2019 and a supplementary contract dated July 26, 2019, the land use rights of a parcel of land with a site area of approximately 66,650.10 sq.m. were contracted to be granted to Chaohu Shixun Real Estate Co., Ltd. (巢湖市世巽置業有限公司, "**Chaohu Shixun**", a 60%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB589,853,385.

2. Pursuant a Construction Land Planning Permit – Di Zi Di No. 341401201900036, permission towards the planning of the aforesaid land parcel with a site area of approximately 66,650.13 sq.m. has been granted to Chaohu Shixun.

3. Pursuant to a Real Estate Title Certificate – Wan (2019) Chao Hu Shi Bu Dong Chan Quan Di No. 1934560 the land use rights of the aforesaid land parcel with a site area of approximately 66,650.10 sq.m. have been granted to Chaohu Shixun for the terms expiring on July 11, 2089 for residential use and July 11, 2059 for commercial use.

4. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Nos. 341401201900081 and 341401202000018 in favor of Chaohu Shixun, portions of Hefei Cloud Garden with a total gross floor area of approximately 99,342.32 sq.m. have been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 340181201911180101 and 340181202005260101 in favor of Chaohu Shixun, permissions by the relevant local authority were given to commence the construction of portions of Hefei Cloud Garden with a total gross floor area of approximately 99,342.32 sq.m.

6. Pursuant to 2 Pre-sale Permits – Fang Yu Shou Zheng Di Nos. 2019095 and 2019096 in favor of Chaohu Shixun, the Group is entitled to sell portions of Hefei Cloud Garden (representing a total gross floor area of approximately 14,999.04 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**
		sq.m.
Group II – held under development by the Group	Residential	55,474.36
	Commercial	1,019.67
	Ancillary	1,721.15
	Basement (inclusive of non-saleable car parking spaces)	41,127.14
	Sub-total:	**99,342.32**
Group III – held for future development by the Group	Residential	53,298.18
	Commercial	1,519.16
	Ancillary	8,998.55
	Sub-total:	**63,815.89**
	Total:	**163,158.21**

8. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB527,100,000.

9. Our valuation has been made on the following basis and analysis:

   a. For the portions of the property in Group II, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB8,000 to RMB10,000 per sq.m. for residential units and RMB12,000 to RMB15,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered; and

   b. For the remaining portion of the property in Group III, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The accommodation value of these comparable land sites ranges from RMB4,000 to RMB6,500 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and other characteristics between the comparable properties and the property to arrive at the assumed accommodation value. The general basis of adjustment of location such as accessibility and characteristics related to development potential like site area, shape, tenure, etc. is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

   a. The land use rights of the property are subject to a mortgage;

   b. Chaohu Shixun is legally and validly in possession of the land use rights of the property. Chaohu Shixun has the rights to occupy, use, lease and dispose of the land parcel of the property. For the land parcel subject to the aforesaid mortgage, Chaohu Shixun has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

   c. Chaohu Shixun has obtained all requisite construction work approvals in respect of the actual development progress; and

   d. Chaohu Shixun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Portion
e.	Construction Work Commencement Permit	Portion
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

12. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date**
	RMB
Group II – held under development by the Group	428,200,000
Group III – held for future development by the Group	309,700,000
Total:	**737,900,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
24.	Huainan Elegance located at the eastern side of Huaxing Road and the southern side of Qingxing North Road Tianjia'an District Huainan City Anhui Province The PRC 淮南風華和悅	Huainan Elegance is located at the eastern side of Huaxing Road and the southern side of Qingxing North Road. The locality is a newly developed area where municipal facilities, amenities and public transportation network are still under development. Huainan Elegance occupies a parcel of land with a site area of approximately 91,182.63 sq.m., which is being developed into a residential and commercial development. Portions of the project were under construction (the "**CIP**") as at the valuation date and are scheduled to be completed in December 2023. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 118,593.00 sq.m. The construction of the remaining portion of the project with a planned gross floor area of approximately 132,100.86 sq.m. or a plot ratio accountable gross floor area of approximately 107,115.06 sq.m. (the "**bare land**") had not been commenced as at the valuation date. As at the valuation date, the property comprised the whole project of Huainan Elegance with a total planned gross floor area of approximately 250,693.86 sq.m. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the CIP of the property is estimated to be approximately RMB236,500,000, of which approximately RMB69,400,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on January 24, 2089 for residential use and January 24, 2059 for commercial use.	As at the valuation date, portions of the property were under construction and the remaining portion of the property was bare land.	177,500,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – Huai Guo Tu Pai 18051 dated December 26, 2018, the land use rights of a parcel of land with a site area of approximately 91,182.63 sq.m. were contracted to be granted to Huainan Sanxun Real Estate Co., Ltd. (淮南三巽置業有限公司, "**Huainan Sanxun**", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB95,741,730.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 340402201900020, permission towards the planning of the aforesaid land parcel with a site area of approximately 91,182.63 sq.m. has been granted to Huainan Sanxun.

3. Pursuant to a Real Estate Title Certificate – Wan (2019) Huai Nan Shi Bu Dong Chan Quan Di No. 0043525, the land use rights of the aforesaid land parcel with a total site area of approximately 91,182.63 sq.m. have been granted to Huainan Sanxun for the terms expiring on January 24, 2089 for residential use and January 24, 2059 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 340402201900034 in favor of Huainan Sanxun, portions of Huainan Elegance with a total gross floor area of approximately 118,593.00 sq.m. have been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 3404001904040101-SX-001 in favor of Huainan Sanxun, permission by the relevant local authority was given to commence the construction of portions of Huainan Elegance with a total gross floor area of approximately 118,592.51 sq.m.

6. Pursuant to 5 Pre-sale Permits –Huai Fang Yu Shou Zheng Nos. 20191113 to 20191116 and 20200427 in favor of Huainan Sanxun, the Group is entitled to sell portions of Huainan Elegance (representing a total gross floor area of approximately 40,962.82 sq.m.) to purchasers

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area
		sq.m.
Group II – held under development by the Group	Residential	80,967.00
	Commercial	1,379.59
	Ancillary	7,649.41
	Basement (inclusive of non-saleable car parking spaces)	28,597.00
	Sub-total:	**118,593.00**
Group III – held for future development by the Group	Residential	103,705.62
	Commercial	1,464.87
	Ancillary	1,944.57
	Basement (inclusive of non-saleable car parking spaces)	24,985.80
	Sub-total:	**132,100.86**
	Total:	**250,693.86**

8. As advised by the Group, various residential units with a total gross floor area of approximately 3,414.61 sq.m. in Group II of the property have been pre-sold to various third parties at a total consideration of RMB15,130,392. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB374,500,000.

10. Our valuation has been made on the following basis and analysis:

    a. For the portions of the property in Group II, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB4,000 to RMB6,000 per sq.m. for residential units and RMB7,000 to RMB9,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered; and

    b. For the remaining portion of the property in Group III, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The accommodation value of these comparable land sites ranges from RMB450 to RMB650 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and other characteristics between the comparable properties and the property to arrive at the assumed accommodation value. The general basis of adjustment of location such as accessibility and characteristics related to development potential like site area, shape, tenure, etc. is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. The land use rights of the property are subject to a mortgage;

    b. Huainan Sanxun is legally and validly in possession of the land use rights of the property. Huainan Sanxun has the rights to occupy, use, lease and dispose of the land parcel of the property. For the land parcel subject to the aforesaid mortgage, Huainan Sanxun has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

    c. Huainan Sanxun has obtained all requisite construction work approvals in respect of the actual development progress; and

    d. Huainan Sanxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Portion
e.	Construction Work Commencement Permit	Portion
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date**
	RMB
Group II – held under development by the Group	126,400,000
Group III – held for future development by the Group	51,100,000
Total:	**177,500,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
25.	Huainan Academy No. 1 located at the northern side of Kexue Road and the eastern side of Yongle Road Shouxian County Huainan City Anhui Province The PRC 淮南學府壹號	Huainan Academy No. 1 is located at the northern side of Kexue Road and the eastern side of Yongle Road. The locality is a newly developed area where municipal facilities, amenities and public transportation network are still under development. Huainan Academy No. 1 occupies a parcel of land with a site area of approximately 49,622.40 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in December 2021. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 142,116.95 sq.m. As at the valuation date, the property comprised the whole project of Huainan Academy No. 1. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB323,000,000, of which approximately RMB272,400,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on September 27, 2088 for residential use and September 27, 2058 for commercial use.	As at the valuation date, the property was under construction.	668,700,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 341521 (2018 Chu Rang) 033 dated September 28, 2018, the land use rights of a parcel of land with a site area of approximately 49,622.40 sq.m. were contracted to be granted to Shouxian Jingqiao Real Estate Co., Ltd. (壽縣京僑置業有限公司, "**Shouxian Jingqiao**", a 35%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB224,789,472.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341521201820029, permission towards the planning of the aforesaid land parcel with a site area of approximately 49,622.40 sq.m. has been granted to Shouxian Jingqiao.

3. Pursuant to a Real Estate Title Certificate – Wan (2018) Shou Xian Bu Dong Chan Quan Di No. 0007922, the land use rights of the aforesaid land parcel with a site area of approximately 49,622.40 sq.m. have been granted to Shouxian Jingqiao for the terms expiring on September 27, 2088 for residential use and September 27, 2058 for commercial use.

4. Pursuant to 8 Construction Work Planning Permits – Jian Zi Di Nos. 341521201820075 to 341521201820078 and 341521201920013 to 341521201920016 in favor of Shouxian Jingqiao, Huainan Academy No. 1 with a total gross floor area of approximately 142,116.95 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permit – No. 3404231811290101-SX-001 and 3404231811290101-SX-002 in favor of Shouxian Jingqiao, permissions by the relevant local authority were given to commence the construction of Huainan Academy No. 1 with a total gross floor area of approximately 142,116.95 sq.m.

6. Pursuant to 16 Pre-sale Permits – Shou Xin Qiao (2019) Yu Shou Zheng Nos. 004 to 006, 011, 013, 017, 018, 019, 020, 023, 024 and 027, Shou Xin Qiao (2020) Nos. 01, 02, 07 and 08 in favor of Shouxian Jingqiao, the Group is entitled to sell portions of Huainan Academy No. 1 (representing a total gross floor area of approximately 106,043.00 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**
		sq.m.
Group II – held under development by the Group	Residential	104,111.19
	Commercial	3,860.78
	Ancillary	1,911.15
	Basement (inclusive of non-saleable car parking spaces)	32,233.83
	Total:	**142,116.95**

8. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 103,631.44 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB704,160,230. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB743,500,000.

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,200 to RMB7,800 per sq.m. for residential units and RMB11,000 to RMB13,500 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

a. Shouxian Jingqiao is legally and validly in possession of the land use rights of the property. Shouxian Jingqiao has the rights to occupy, use, lease and dispose of the land parcel of the property;

b. Shouxian Jingqiao has obtained all requisite construction work approvals in respect of the actual development progress; and

c. Shouxian Jingqiao has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
26.	Portions of Fuyang Mandarin Upper Shire located at the eastern side of Guoyang North Road and the southern side of Mengcheng Road Yingquan District Fuyang City Anhui Province The PRC 阜陽文華上郡	Fuyang Mandarin Upper Shire is located at the eastern side of Guoyang North Road and the southern side of Mengcheng Road. The locality is a newly developed area where municipal facilities, amenities and public transportation network are still under development. Fuyang Mandarin Upper Shire occupies a parcel of land with a site area of approximately 102,492.00 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in 2021 and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. The remaining portion of the project was under construction (the "**CIP**") as at the valuation date and is scheduled to be completed in June 2021. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 183,644.18 sq.m. As at the valuation date, the property comprised the unsold units and the CIP of Fuyang Mandarin Upper Shire with a total planned gross floor area of approximately 266,062.41 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. As advised by the Group, the construction cost of the CIP of the property is estimated to be approximately RMB422,800,000, of which approximately RMB401,500,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on November 28, 2088 for residential use and November 28, 2058 for commercial use.	As at the valuation date, the unsold units of the property were vacant and the remaining portion of the property was under construction.	1,482,900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 341201 Chu Rang (2018) – No. 56 dated October 30, 2018 and a supplementary contract dated November 14, 2018, the land use rights of a parcel of land with a site area of approximately 102,492.00 sq.m. were contracted to be granted to Fuyang Shangjun Properties Co., Ltd. (阜陽上郡房地產有限公司, "**Fuyang Shangjun**", a 34%-owned subsidiary of the Company) for the terms of 70 years for residential use commencing from the land delivery date. The land premium was RMB370,513,400.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341200201800144, permission towards the planning of the aforesaid land parcel with a site area of approximately 102,492.00 sq.m. has been granted to Fuyang Shangjun.

3. Pursuant to a Real Estate Title Certificate – Wan (2019) Fu Yang Shi Bu Dong Chan Quan Di No. 0263840, the land use rights of the aforesaid land parcel with a site area of approximately 102,492.00 sq.m. have been granted to Fuyang Shangjun for the terms expiring on November 28, 2088 for residential use and November 28, 2058 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 341200201900037 in favor of Fuyang Shangjun, Fuyang Mandarin Upper Shire with a total gross floor area of approximately 267,212.00 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 3412001901250101-SX-004 and 3412001901250101-SX-002 in favor of Fuyang Shangjun, permissions by the relevant local authority were given to commence the construction of Fuyang Mandarin Upper Shire with a total gross floor area of approximately 266,300.73 sq.m.

6. Pursuant to 26 Pre-sale Permits Nos. 201900140 to 201900145, 201900165 to 201900168, 201900235, 201900306 to 201900309, 201900408, 201900435 to 201900437, 201900554, 201900602 and 201900670 to 201900674 in favor of Fuyang Shangjun, the Group is entitled to sell portions of Fuyang Mandarin Upper Shire (representing a total gross floor area of approximately 208,135.00 sq.m.) to purchasers.

7. Pursuant to 16 Construction Work Completion and Inspection Tables in favor of Fuyang Shangjun, the construction of portions of Fuyang Mandarin Upper Shire with a total gross floor area of approximately 83,568.24 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area/Gross Floor Area**
		sq.m.
Group I – held for sale by the Group	Residential	77,965.29
	Commercial	4,452.94
	Sub-total:	**82,418.23**
Group II – held under development by the Group	Residential	126,619.09
	Ancillary	5,147.63
	Basement (inclusive of non-saleable car parking spaces)	51,877.46
	Sub-total:	**183,644.18**
	Total:	**266,062.41**

9. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 81,643.45 sq.m. in Group I and various residential units with a total gross floor area of approximately 118,235.12 sq.m. in Group II of the property have been pre-sold to various third parties at a total consideration of RMB1,431,190,613. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB850,600,000.

11. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,200 to RMB7,800 per sq.m. for residential units and RMB19,000 to RMB25,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

a. Fuyang Shangjun is legally and validly in possession of the land use rights of the property. Fuyang Shangjun has the rights to occupy, use, lease and dispose of the land parcel of the property;

b. Fuyang Shangjun has obtained all requisite construction work approvals in respect of the actual development progress; and

c. Fuyang Shangjun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date**
	RMB
Group I – held for sale by the Group	655,900,000
Group II – held under development by the Group	827,000,000
Total:	**1,482,900,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
27.	Taihu Jinzhou Mansion located at the southern side of Chenfeng Road and the eastern side of Qilong Road Taihu County Anqing City Anhui Province The PRC 太湖晉州府	Taihu Jinzhou Mansion is located at the southern side of Chenfeng Road and the eastern side of Qilong Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Taihu Jinzhou Mansion occupies a parcel of land with a site area of approximately 38,649.45 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in November 2022. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 115,771.04 sq.m. As at the valuation date, the property comprised the whole project of Taihu Jinzhou Mansion. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB226,700,000, of which approximately RMB179,000,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on August 6, 2089 for residential use and August 6, 2059 for commercial use.	As at the valuation date, the property was under construction.	574,500,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 348025 Chu Rang 2019 No. 003 dated May 8, 2019, the land use rights of a parcel of land with a site area of approximately 38,649.45 sq.m. were contracted to be granted to Taihu Sanxun Real Estate Co., Ltd. (太湖三巽置業有限公司, "**Taihu Sanxun**", a 30%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB185,600,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 340825201900017, permission towards the planning of a parcel of land of the property with a site area of approximately 38,649.45 sq.m. has been granted to Taihu Sanxun.

3. Pursuant to a Real Estate Title Certificate – Wan (2019) Tai Hu Xian Bu Dong Chan Quan Di No. 0001450, the land use rights of the aforesaid land parcel with a site area of approximately 38,649.45 sq.m. have been granted to Taihu Sanxun for the terms expiring on August 6, 2089 for residential use and August 6, 2059 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 340825201900032 in favor of Taihu Sanxun, Taihu Jinzhou Mansion with a total gross floor area of approximately 115,568.05 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 3408251908210002-SX-001 in favor of Taihu Sanxun, permission by the relevant local authority was given to commence the construction of Taihu Jinzhou Mansion with a total gross floor area of approximately 115,568.05 sq.m.

6. Pursuant to 4 Pre-sale Permits Nos. 20200011, 20200012, 20200016 and 20200017 in favor of Taihu Sanxun, the Group is entitled to sell portions of Taihu Jinzhou Mansion (representing a total gross floor area of approximately 79,215.76 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**
		sq.m.
Group II – held under development by the Group	Residential	71,834.66
	Commercial	23,788.30
	Ancillary	1,000.39
	Basement (inclusive of non-saleable car parking spaces)	19,147.69
	Total:	**115,771.04**

8. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 69,337.94 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB485,163,519. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB626,500,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,200 to RMB7,800 per sq.m. for residential units and RMB8,000 to RMB11,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. Taihu Sanxun is legally and validly in possession of the land use rights of the property. Taihu Sanxun has the rights to occupy, use, lease and dispose of the land parcel of the property;

    b. Taihu Sanxun has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Taihu Sanxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
28.	Suzhou Guojian Elegance located at the intersection of Renmin Road and Waihuan South Road Yongqiao District Suzhou City Anhui Province The PRC 宿州國建風華	Suzhou Guojian Elegance is located at the intersection of Renmin Road and Waihuan South Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Suzhou Guojian Elegance occupies a parcel of land with a site area of approximately 34,155.70 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in November 2021. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 93,207.64 sq.m. As at the valuation date, the property comprised the whole project of Suzhou Guojian Elegance. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB243,700,000, of which approximately RMB162,500,000 had been incurred as at the valuation date. The land use rights of the property have been granted for a term expiring on July 12, 2089 for residential use.	As at the valuation date, the property was under construction.	364,500,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 341300 Chu Rang (2019) Pai 019 dated April 14, 2019, the land use rights of a parcel of land with a site area of approximately 34,155.70 sq.m. were contracted to be granted to Suzhou Sanxun Real Estate Co., Ltd. (宿州三巽置業有限公司, "**Suzhou Sanxun**", a 30%-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB106,053,345.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341301201900055, permission towards the planning of the aforesaid land parcel with a site area of approximately 34,155.70 sq.m. has been granted to Suzhou Sanxun.

3. Pursuant to a Real Estate Title Certificate – Wan (2019) Su Zhou Shi Bu Dong Chan Quan Di No.0057647 in favor of Suzhou Sanxun, the land use rights of the aforesaid land parcel with a site area of approximately 34,155.70 sq.m. have been granted to Suzhou Sanxun for a term expiring on July 12, 2089 for residential use.

4. Pursuant to 5 Construction Work Planning Permits – Jian Zi Di Nos. 341301201900308, 341301201900309, 341301201900317 to 341301201900319 in favor of Suzhou Sanxun, Suzhou Guojian Elegance with a total gross floor area of approximately 93,207.64 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 3413021907290001-SX-001 and 3413021907290001-SX-002 in favor of Suzhou Sanxun, permissions by the relevant local authority were given to commence the construction of Suzhou Guojian Elegance with a total gross floor area of approximately 93,207.64 sq.m.

6. Pursuant to 12 Pre-sale Permits – Su Fang Yu Shou Zheng 2019 Nos. 258, 259, 309, 319, 320 and Su Fang Yu Shou Zheng 2020 Nos. 131, 132, 227, 030, 302, 315 and 373 in favor of Suzhou Sanxun, the Group is entitled to sell portions of Suzhou Guojian Elegance (representing a total gross floor area of approximately 70,029.84 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out:

Group	**Usage**	**Planned Gross Floor Area**
		sq.m.
Group II – Held under development by the Group	Residential	65,137.89
	Commercial	6,290.18
	Ancillary	3,698.57
	Basement (inclusive of non-saleable car parking spaces)	18,081.00
	Total:	**93,207.64**

8 . As advised by the Group, various residential units with a total gross floor area of approximately 63,835.60 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB431,301,794. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB493,600,000.

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,000 to RMB7,000 per sq.m. for residential units and RMB7,000 to RMB10,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

a. Suzhou Sanxun is legally and validly in possession of the land use rights of the property. Suzhou Sanxun has the rights to occupy, use, lease and dispose the land parcel of the property;

b. Suzhou Sanxun has obtained all requisite construction work approvals in respect of the actual development progress, and

c. Suzhou Sanxun has the rights to pre-sell the portions of the property according to obtained Pre-sell Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
29.	Suzhou Lingbi Qingfeng located at the northern side of Bianhe Road and the western side of Pingshan Road Lingbi County Suzhou City Anhui Province The PRC 宿州靈璧清楓	Suzhou Lingbi Qingfeng is located at the northern side of Bianhe Road and the western side of Pingshan Road. The locality is a newly developed area where municipal facilities, amenities and public transportation network are still under development. Suzhou Lingbi Qingfeng occupies 2 parcels of land with a total site area of approximately 83,182.00 sq.m., which is being developed into a residential and commercial development. Portions of the project were under construction (the "**CIP**") as at the valuation date and are scheduled to be completed in December 2022. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 106,251.55 sq.m. The construction of the remaining portion of the project with a planned gross floor area of approximately 101,632.18 sq.m. or a plot ratio accountable gross floor area of approximately 77,754.46 sq.m. (the "**bare land**") had not been commenced as at the valuation date. As at the valuation date, the property comprised the whole project of Suzhou Lingbi Qingfeng with a total planned gross floor area of approximately 207,883.73 sq.m. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the CIP of the property is estimated to be approximately RMB299,800,000, of which approximately RMB63,200,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on June 12, 2090 for residential use and June 12, 2060 for commercial use.	As at the valuation date, portions of the property were under construction and the remaining portion of the property was bare land.	428,200,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts – Lin Zi Ran Zi Gui Rang 2020 Nos. 17 and 18 dated June 12, 2020, the land use rights of 2 parcels of land with a total site area of approximately 83,329.00 sq.m. were contracted to be granted to Lingbi Sanxun Real Estate Co., Ltd. (靈璧三巽置業有限公司, "**Lingbi Sanxun**", an 80%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB324,883,100.

2. Pursuant a Construction Land Planning Permit – Di Zi Di No. 341323202000049, permission towards the planning of the aforesaid land parcels with a total site area of approximately 83,329.00 sq.m. has been granted to Lingbi Sanxun.

3. Pursuant to 2 Real Estate Title Certificates – Wan (2020) Ling Bi Xian Bu Dong Chan Quan Di Nos. 0009226 and 0010276, the land use rights of the aforesaid land parcels with a total site area of approximately 83,182.00 sq.m. have been granted to Lingbi Sanxun for the terms expiring on June 12, 2090 for residential use and June 12, 2060 for commercial use.

4. Pursuant to 24 Construction Work Planning Permits – Jian Zi Di Nos. 341323202000233 to 341323202000243, 341323202000275, 341323202000333 to 341323202000343 and 341323202000436 in favor of Lingbi Sanxun, Suzhou Lingbi Qingfeng with a total gross floor area of approximately 207,761.94 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 3413202008180004-SX-001 in favor of Lingbi Sanxun, permission by the relevant local authority was given to commence the construction of portions of Suzhou Lingbi Qingfeng with a total gross floor area of approximately 106,129.76 sq.m.

6. Pursuant to 8 Pre-sale Permits –(Ling) Fang Yu Shou Zheng Di Nos. 2020093, 2020098, 2020099, 2020102, 2020103, 2021041, 2021052 and 2021062 in favor of Lingbi Sanxun, the Group is entitled to sell portions of Suzhou Lingbi Qingfeng (representing a total gross floor area of approximately 76,037.32 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**
		sq.m.
Group II – held under development by the Group	Residential	84,869.45
	Commercial	2,005.65
	Ancillary	1,945.06
	Basement (inclusive of non-saleable car parking spaces)	17,431.39
	Sub-total:	**106,251.55**
Group III – held for future development by the Group	Residential	74,059.84
	Commercial	436.30
	Ancillary	3,258.32
	Basement (inclusive of non-saleable car parking spaces)	23,877.72
	Sub-total:	**101,632.18**
	Total:	**207,883.73**

8. As advised by the Group, various residential units in Group II with a total gross floor area of approximately 32,768.55 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB215,217,890. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB586,600,000.

10. Our valuation has been made on the following basis and analysis:

    a. For the portions of the property in Group II, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,000 to RMB7,000 per sq.m. for residential units and RMB7,000 to RMB10,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered; and

    b. For the remaining portion of the property in Group III, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The accommodation value of these comparable land sites ranges from RMB1,700 to RMB2,200 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and other characteristics between the comparable properties and the property to arrive at the assumed accommodation value. The general basis of adjustment of location such as accessibility and characteristics related to development potential like site area, shape, tenure, etc. is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

   a. The land use rights of the property are subject to a mortgage;

   b. Lingbi Sanxun is legally and validly in possession of the land use rights of the property. Lingbi Sanxun has the rights to occupy, use, lease and dispose of the land parcels of the property. For the land parcels subject to the aforesaid mortgage, Lingbi Sanxun has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

   c. Lingbi Sanxun has obtained all requisite construction work approvals in respect of the actual development progress; and

   d. Lingbi Sanxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Portion
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date**
	RMB
Group II – held under development by the Group	269,500,000
Group III – held for future development by the Group	158,700,000
Total:	**428,200,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
30.	Guangde Binhe Mansion located at the intersection of Nantang Road and Binhe Road Guangde City Xuancheng City Anhui Province The PRC 廣德濱河首府	Guangde Binhe Mansion is located at the intersection of Nantang Road and Binhe Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Guangde Binhe Mansion occupies a parcel of land with a site area of approximately 51,882.00 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in December 2022. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 129,007.64 sq.m. As at the valuation date, the property comprised the whole project of Guangde Binhe Mansion. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB400,000,000, of which approximately RMB144,800,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on October 4, 2089 for residential use and October 4, 2059 for commercial use.	As at the valuation date, the property was under construction.	332,600,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – dated July 4, 2019, the land use rights of a parcel of land with a site area of approximately 51,882.00 sq.m. were contracted to be granted to Guangde Shengfa Properties Co., Ltd. (廣德晟發房地產有限公司, "**Guangde Shengfa**", a 27%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB151,749,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 341822190900172, permission towards the planning of the aforesaid land parcel with a site area of approximately 51,882.00 sq.m. has been granted to Guangde Shengfa.

3. Pursuant to a Real Estate Title Certificate – Wan (2020) Guang De Shi Bu Dong Chan Quan Di No. 0007490, the land use rights of the aforesaid land pacel with a site area of approximately 51,882.00 sq.m. have been granted to Guangde Shengfa for the terms expiring on October 4, 2089 for residential use and October 4, 2059 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 3418221909000268 in favor of Guangde Shengfa, Guangde Binhe Mansion with total gross floor area of approximately 129,007.64 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 3420001909200001-SX-001 and 3418222005280003-SX-001 in favor of Guangde Shengfa, permissions by the relevant local authority were given to commence the construction of Guangde Binhe Mansion with a total gross floor area of approximately 129,007.64 sq.m.

6. Pursuant to 10 Pre-sale Permits – Guang Shou Xu Zi (2020) Di Nos. 0067 to 0069, 0086, 0087 and Guang Shou Xu Zi (2021) Di Nos. 0010 to 0014 in favor of Guangde Shengfa, the Group is entitled to sell portions of Guangde Binhe Mansion (representing a total gross floor area of approximately 66,491.45 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area	No. of saleable car parking space
		sq.m.	
Group II – held under development by the Group	Residential	99,338.01	
	Commercial	2,566.36	
	Ancillary	2,741.27	
	Basement (inclusive of car parking spaces)	24,362.00	402
	Total:	**129,007.64**	**402**

8. As advised by the Group, various residential units with a total gross floor area of approximately 31,856.00 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB216,945,370. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB729,800,000.

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units, commercial units and car parking spaces within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,000 to RMB7,300 per sq.m. for residential units, RMB8,000 to RMB10,000 per sq.m. for commercial units on the first floor and RMB60,000 to RMB100,000 per car parking space. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

a. Guangde Shengfa is legally and validly in possession of the land use rights of the property. Guangde Shengfa has the rights to occupy, use, lease and dispose of the land parcel of the property;

b. Guangde Shengfa has obtained all requisite construction work approvals in respect of the actual development progress; and

c. Guangde Shengfa has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
31.	Bengbu Qingfeng Park Alley located at the western side of Jingtu Road and the eastern side of Xinhuai Road Liucheng County Bengbu City Anhui Province The PRC 蚌埠清楓公園里	Bengbu Qingfeng Park Alley is located at the western side of Jingtu Road and the eastern side of Xinhua Road. The locality is a newly developed area where municipal facilities, amenities and public transportation network are still under development. Bengbu Qingfeng Park Alley occupies a parcel of land with a site area of approximately 41,963.14 sq.m., which is being developed into a residential development. The project was under construction as at the valuation date and is scheduled to be completed in August 2022. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 106,665.36 sq.m. As at the valuation date, the property comprised the whole project of Bengbu Qingfeng Park Alley. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB298,300,000, of which approximately RMB47,800,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on July 31, 2090 for residential use and July 31, 2060 for commercial use.	As at the valuation date, the property was under construction.	217,700,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – HY2019-06-3 dated July 31, 2020, the land use rights of a parcel of land with a site area of approximately 41,963.14 sq.m. were contracted to be granted to Huaiyuan Xungui Real Estate Co., Ltd. (懷遠巽桂置業有限公司, "**Huaiyuan Xungui**", an 87%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB148,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 340321202000036, permission towards the planning of the aforesaid land parcel with a site area of approximately 41,963.14 sq.m. has been granted to Huaiyuan Xungui.

3. Pursuant to a Real Estate Title Certificate – Wan (2021) Huaiyuan Xian Bu Dong Chan Quan Di No. 0000572, the land use rights of the aforesaid land parcel with a site area of approximately 41,963.14 sq.m. have been granted to Huaiyuan Xungui for the terms expiring on July 31, 2090 for residential use and July 31, 2060 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 340321202000043 in favor of Huaiyuan Xungui, Bengbu Qingfeng Park Alley with a total gross floor area of approximately 106,665.36 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 3403212011300001-SX-003 in favor of Huaiyuan Xungui, permission by the relevant local authority was given to commence the construction of Bengbu Qingfeng Park Alley with a total gross floor area of approximately 106,665.36 sq.m.

6. Pursuant to 4 Pre-sale Permits Fang Kai Zi (2021) Nos. 3, 10, 16 and 18 in favor of Huaiyuan Xungui, the Group is entitled to sell portions of Bengbu Qingfeng Park Alley (representing a total gross floor area of approximately 28,815.96 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**
		sq.m.
Group II – held under development by the Group	Residential	81,781.50
	Commercial	346.92
	Ancillary	1,970.67
	Basement (inclusive of non-saleable car parking spaces)	22,566.27
	Total:	**106,665.36**

8. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 10,271.52 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB60,554,006. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB528,900,000.

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB6,400 to RMB7,500 per sq.m. for residential units and RMB11,000 to RMB13,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

a. Huaiyuan Xungui is legally and validly in possession of the land use rights of the property. Huaiyuan Xungui has the rights to occupy, use, lease and dispose of the land parcel of the property;

b. Huaiyuan Xungui has obtained all requisite construction work approvals in respect of the actual development progress; and

c. Huaiyuan Xungui has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
32.	Liucheng County 05 Land Parcel located at the western side of Jingtu Road and the eastern side of Xinhuai Road Liucheng County Bengbu City Anhui Province The PRC 榴城鎮05地塊	Liucheng County 05 Land Parcel is located at the western side of Jingtu Road and the eastern side of Xinhua Road. The locality is a newly developed area where municipal facilities, amenities and public transportation network are still under development. Liucheng County 05 Land Parcel is a parcel of land with a site area of approximately 32,068.47 sq.m., which will be developed into a residential and commercial development with a plot ratio accountable gross floor area of approximately 64,136.94 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date. As at the valuation date, the property comprised the whole project of Liucheng County 05 Land Parcel. The land use rights of the property have been granted for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date.	As at the valuation date, the property was bare land.	No commercial value

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – HY2019-05-3 dated July 31, 2020, the land use rights of a parcel of land with a site area of approximately 32,068.47 sq.m. were contracted to be granted to Huaiyuan Xunsen Real Estate Co., Ltd. (懷遠巽森置業有限公司, "**Huaiyuan Xunsen**", an 87%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB122,000,000.

2. As at the valuation date, the property had not been assigned to Huaiyuan Xunsen and thus the title of the property had not been vested in Huaiyuan Xunsen, and the relevant land use rights certificate had not been obtained. Therefore, we have attributed no commercial value to property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB128,500,000, assuming the title certificate has been obtained and it can be freely transferred by Huaiyuan Xunsen.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

   The aforesaid State-owned Land Use Rights Grant Contract is legal and valid.

4. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	No
c.	Construction Land Planning Permit	No
d.	Construction Work Planning Permit	No
e.	Construction Work Commencement Permit	No
f.	Pre-sale Permit	No
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

5. For the purpose of this report, the property is classified into the group as "Group IV – contracted to be acquired by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
33.	Liucheng County 04 Land Parcel located at the western side of Jingtu Road and the eastern side of Xinhuai Road Liucheng County Bengbu City Anhui Province The PRC 榴城鎮04地塊	Liucheng County 04 Land Parcel is located at the western side of Jingtu Road and the eastern side of Xinhua Road. The locality is a newly developed area where municipal facilities, amenities and public transportation network are still under development. Liucheng County 04 Land Parcel is a parcel of land with a site area of approximately 64,915.51 sq.m., which will be developed into a residential and commercial development with a plot ratio accountable gross floor area of approximately 129,831.02 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date. As at the valuation date, the property comprised the whole project of Liucheng County 04 Land Parcel. The land use rights of the property have been granted for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date.	As at the valuation date, the property was bare land.	No commercial value

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – HY2019-04-3 dated July 31, 2020, the land use rights of a parcel of land with a site area of approximately 64,915.51 sq.m. were contracted to be granted to Huaiyuan Xunmao Real Estate Co., Ltd. (懷遠巽茂置業有限公司, "**Huaiyuan Xunmao**", an 87%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB208,000,000.

2. As at the valuation date, the property had not been assigned to Huaiyuan Xunmao and thus the title of the property had not been vested in Huaiyuan Xunmao, and the relevant land use rights certificate had not been obtained. Therefore, we have attributed no commercial value to property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB219,700,000, assuming the title certificate has been obtained and it can be freely transferred by Huaiyuan Xunmao.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

   The aforesaid State-owned Land Use Rights Grant Contract is legal and valid.

4. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	No
c.	Construction Land Planning Permit	No
d.	Construction Work Planning Permit	No
e.	Construction Work Commencement Permit	No
f.	Pre-sale Permit	No
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

5. For the purpose of this report, the property is classified into the group as "Group IV – contracted to be acquired by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
34.	Portions of Ningyang Platinum House located at the western side of Wencheng Road and the southern side of Jinyang Avenue Ningyang County Taian City Shandong Province The PRC 寧陽鉑悅府	Ningyang Platinum House is located at the western side of Wencheng Road and the southern side of Jinyang Avenue. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Ningyang Platinum House occupies 2 parcels of land with a total site area of approximately 76,186.00 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in 2020 and the unsold portion of that (the "**unsold units**") was vacant for sale as at the valuation date. The remaining portion of the project was under construction (the "**CIP**") as at the valuation date and is scheduled to be completed in June 2022. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 141,238.74 sq.m. As at the valuation date, the property comprised the unsold units and the CIP of Ningyang Platinum House with a total planned gross floor area of approximately 147,454.94 sq.m. The classification, usage and gross floor area details of the property are set out in note 8. As advised by the Group, the construction cost of the CIP of the property is estimated to be approximately RMB344,300,000, of which approximately RMB190,500,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on December 9, 2088 for residential use and December 9, 2058 for commercial use.	As at the valuation date, the unsold units of the property were vacant and the remaining portion of the property was under construction	352,800,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts – Ning Yang Nos. 01-2018-032 and 01-2018-031 dated December 10, 2018, the land use rights of 2 parcels of land with a total site area of approximately 76,186 sq.m. were contracted to be granted to Ningyang Sanxun Real Estate Co., Ltd. (寧陽三巽置業有限公司, "**Ningyang Sanxun**", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB261,415,900.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 3709212018YD0028, permission towards the planning of the aforesaid land parcels with a total site area of approximately 76,186.00 sq.m. has been granted to Ningyang Sanxun.

3. Pursuant to 2 Real Estate Title Certificates – Lu (2019) Ning Yang Xian Bu Dong Chan Quan Di Nos. 0000181 and 0003271, the land use rights of the aforesaid land parcels with a total site area of approximately 76,186.00 sq.m. have been granted to Ningyang Sanxun for the terms expiring on December 9, 2088 for residential use and December 9, 2058 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 3709212019GC001 in favor of Ningyang Sanxun, Ningyang Platinum House with a total gross floor area of approximately 219,504.08 sq.m. has been approved for construction.

5. Pursuant to 6 Construction Work Commencement Permits – Nos. 370921201901180101, 370921201904020101, 370921201906170101, 370921201908290101, 370921201910150101 and 370921201910230101 in favor of Ningyang Sanxun, permissions by the relevant local authority were given to commence the construction of Ningyang Platinum House with a total gross floor area of approximately 219,504.08 sq.m.

6. Pursuant to 18 Pre-sale Permits – Ning Fang Yu (Xiao) Shou Zheng Di Nos. 20190017 to 20190019, 20190021, 20190028, 20190029, 20190041, 20190044, 20190067, 20190082, 20190110, 20190105, 20190109, 2020026, 2020027, 20200047, 202100005 and 202100048 in favor of Ningyang Sanxun, the Group is entitled to sell portions of Ningyang Platinum House (representing a total gross floor area of approximately 167,820.25 sq.m.) to purchasers.

7. Pursuant to a Construction Work Completion and Inspection Table in favor of Ningyang Sanxun, the construction of portions of Ningyang Platinum House with a total gross floor area of approximately 78,527.64 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area/Gross Floor Area
		sq.m.
Group I – held for sale by the Group	Residential	3,003.41
	Commercial	3,212.79
	Sub-total:	**6,216.20**
Group II – held under development by the Group	Residential	90,326.38
	Commercial	4,160.37
	Ancillary	2,914.81
	Basement (inclusive of non-saleable car parking spaces)	43,837.18
	Sub-total:	**141,238.74**
	Total:	**147,454.94**

9. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 2,423.80 sq.m. in Group I and various residential and commercial units with a total gross floor area of approximately 64,715.97 sq.m. in Group II of the property have been pre-sold to various third parties at a total consideration of RMB351,295,665. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB506,900,000.

11. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB5,000 to RMB6,000 per sq.m. for residential units and RMB6,000 to RMB9,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. Ningyang Sanxun is legally and validly in possession of the land use rights of the property. Ningyang Sanxun has the rights to occupy, use, lease and dispose of the land parcels of the property;

    b. Ningyang Sanxun has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Ningyang Sanxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing states at the valuation date**
	RMB
Group I – held for sale by the Group	41,200,000
Group II – held under development by the Group	311,600,000
Total:	**352,800,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
35.	Nanjing Fortune Shire located at the southern side of Renshou Road and the western side of Xihe Road Jiangning District Nanjing City Jiangshu Province The PRC 南京如意郡	Nanjing Fortune Shire is located at the southern side of Renshou Road and the western side of Xiehe Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Nanjing Fortune Shire occupies a parcel of land with a site area of approximately 27,117.24 sq.m., which is being developed into a residential development. The project was under construction as at the valuation date and is scheduled to be completed in January 2022. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 61,144.85 sq.m. As at the valuation date, the property comprised the whole project of Nanjing Fortune Shire. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB237,300,000, of which approximately RMB108,500,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on April 17, 2089 for residential use and April 17, 2059 for commercial use.	As at the valuation date, the property was under construction.	548,400,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3201212019CR002 dated January 4, 2019 and a supplementary Contracts dated January 15, 2019, the land use rights of a parcel of land with a site area of approximately 27,117.24 sq.m. were contracted to be granted to Nanjing Jiuxun Real Estate Co., Ltd. (南京久巽置業有限公司, "**Nanjing Jiuxun**", a 51%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB380,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 32011520190125, permission towards the planning of a parcel of land of the property with a site area of approximately 27,117.24 sq.m. has been granted to Nanjing Jiuxun.

3. Pursuant to a Real Estate Title Certificate – Su (2019) Ning Jiang Bu Dong Chan Quan Di No. 0029554, the land use rights of a parcel of land of the property with a site area of approximately 27,117.24 sq.m. have been granted to Nanjing Jiuxun for the terms expiring on April 17, 2089 for residential use and April 17, 2059 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 320115201911998 in favor of Nanjing Jiuxun, Nanjing Fortune Shire with total gross floor area of approximately 61,144.85 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 320115201912271101 in favor of Nanjing Jiuxun, permission by the relevant local authority was given to commence the construction of Nanjing Fortune Shire with a total gross floor area of approximately 61,135.92 sq.m.

6. Pursuant to 4 Pre-sale Permits – Ning Fang Xiao Nos. 2020200083, 2020200095, 20200200103 and 20200200128 in favor of Nanjing Jiuxun, the Group is entitled to sell portions of Nanjing Fortune Shire to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**	**No. of saleable car parking space**
		sq.m.	
Group II – held under development by the Group	Residential	38,515.41	
	Ancillary	1,839.53	
	Basement (inclusive of car parking spaces)	20,789.91	428
	Total:	**61,144.85**	**428**

8. As advised by the Group, various residential units with a total gross floor area of approximately 35,598.25 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB699,656,523. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB817,900,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and car parking spaces within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB18,500 to RMB21,000 per sq.m. for residential units and RMB120,000 to RMB150,000 per car parking space. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. The land use rights of the property are subject to a mortgage;

    b. Nanjing Jiuxun is legally and validly in possession of the land use rights of the property. Nanjing Jiuxun has the rights to occupy, use, lease and dispose of the land parcel of the property. For the land parcel subject to the aforesaid mortgage, Nanjing Jiuxun has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

    c. Nanjing Jiuxun has obtained all requisite construction work approvals in respect of the actual development progress; and

    d. Nanjing Jiuxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
36.	Nanjing Joy Garden located at the western side of Beiyi Road and the northern side of Beiling Road Gaochun District Nanjing City Jiangsu Province The PRC 南京和悅瀾庭	Nanjing Joy Garden is located at the western side of Beiyi Road and the northern side of Beiling Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Nanjing Joy Garden occupies a parcel of land with a site area of approximately 13,475.95 sq.m., which is being developed into a residential development. The project was under construction as at the valuation date and is scheduled to be completed in December 2022. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 26,899.30 sq.m. As at the valuation date, the property comprised the whole project of Nanjing Joy Garden. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB105,300,000, of which approximately RMB66,100,000 had been incurred as at the valuation date. The land use rights of the property have been granted for a term expiring on October 9, 2089 for residential use.	As at the valuation date, the property was under construction.	156,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3201252019CR0019 dated June 20, 2019, the land use rights of a parcel of land with a site area of approximately 13,475.95 sq.m. were contracted to be granted to Nanjing Tengxun Real Estate Co., Ltd. (南京騰巽置業有限公司, "**Nanjing Tengxun**", a wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB71,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 320118201910294, permission towards the planning of the aforesaid land parcel with a site area of approximately 13,475.95 sq.m. has been granted to Nanjing Tengxun.

3. Pursuant to a Real Estate Title Certificate – Su (2019) Ning Gao Bu Dong Chan Quan Di No.0009568, the land use rights of the aforesaid land parcel with a site area of approximately 13,475.95 sq.m. have been granted to Nanjing Tengxun for a term expiring on October 9, 2089 for residential use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 320118201912288 in favor of Nanjing Tengxun, Nanjing Joy Garden with total gross floor area of approximately 26,899.30 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 320125201912201101 in favor of Nanjing Tengxun, permission by the relevant local authority was given to commence the construction of Nanjing Joy Garden with a total gross floor area of approximately 26,550.19 sq.m.

6. Pursuant to 5 Pre-sale Permits – Ning Fang Xiao Nos. 2020600016, 2020600028, 2020600044, 2020600004 and 2020600055 in favor of Nanjing Tengxun, the Group is entitled to sell portions of Nanjing Joy Garden to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**	**No. of saleable car parking space**
		sq.m.	
Group II – held under development by the Group	Residential	17,694.85	
	Ancillary	801.26	
	Basement (inclusive of car parking spaces)	8,403.19	153
	Total:	**26,899.30**	**153**

8. As advised by the Group, various residential units with a total gross floor area of approximately 16,386.76 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB184,639,071. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB212,600,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and car parking spaces within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB11,000 to RMB13,000 per sq.m. for residential units and RMB70,000 to RMB100,000 per car parking space. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. The land use rights of the property are subject to a mortgage;

    b. Nanjing Tengxun is legally and validly in possession of the land use rights of the property. Nanjing Tengxun has the rights to occupy, use, lease and dispose of the land parcel of the property. For the land parcel subject to the aforesaid mortgage, Nanjing Tengxun has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

    c. Nanjing Tengxun has obtained all requisite construction work approvals in respect of the actual development progress; and

    d. Nanjing Tengxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
37.	Nanjing Upper Joy Garden located at the eastern side of Puzhu Road and the northern side of Huajiang Road Pukou District Jiangsu Province The PRC 南京尚上悦苑	Nanjing Upper Joy Garden is located at the eastern side of Puzhu Road and the northern side of Huajiang Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Nanjing Upper Joy Garden occupies a parcel of land with a site area of approximately 7,232.43 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in November 2021. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 26,273.31 sq.m. As at the valuation date, the property comprised the whole project of Nanjing Upper Joy Garden. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB127,900,000, of which approximately RMB109,200,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on June 17, 2089 for residential use and June 17, 2059 for commercial use.	As at the valuation date, the property was under construction.	509,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3201112019CR0011 dated May 21, 2019 and a supplementary contract date May 21, 2019, the land use rights of a parcel of land with a site area of approximately 7,232.43 sq.m. were contracted to be granted to Nanjing Hongxun Properties Development Co., Ltd. (南京弘巽房地產開發有限公司, "**Nanjing Hongxun**", a 30%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB280,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 320111201910098, permission towards the planning of the aforesaid land parcel with a site area of approximately 7,232.43 sq.m. has been granted to Nanjing Hongxun.

3. Pursuant to a Real Estate Title Certificate – Su (2019) Ning Pu Bu Dong Chan Di No. 0032439, the land use rights of the aforesaid land parcel with a site area of approximately 7,232.43 sq.m. have been granted to Nanjing Hongxun for the terms expiring on June 17, 2089 for residential use and June 17, 2059 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 320111201910312 in favor of Nanjing Hongxun, Nanjing Upper Joy Garden with a total gross floor area of approximately 26,273.31 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permits – No. 320195201908131101 in favor of Nanjing Hongxun, permission by the relevant local authority was given to commence the construction of Nanjing Upper Joy Garden with a total gross floor area of approximately 26,273.31 sq.m.

6. Pursuant to a Pre-sale Permit – No. 2019700050 in favor of Nanjing Hongxun, the Group is entitled to sell portions of Nanjing Upper Joy Garden to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**	**No. of saleable car parking space**
		sq.m.	
Group II – held under development by the Group	Residential	15,539.60	
	Commercial	2,345.96	
	Ancillary	195.24	
	Basement (inclusive of car parking spaces)	8,192.51	183
	Total:	**26,273.31**	**183**

8. As advised by the Group, various residential units and commercial units with a total gross floor area of approximately 10,491.78 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB308,858,114. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB550,000,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units, commercial units and car parking spaces within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB29,000 to RMB31,000 per sq.m. for residential units, RMB29,000 to RMB35,000 per sq.m. for commercial units on the first floor and RMB120,000 to RMB150,000 per car parking space. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. The land use rights of the property are subject to a mortgage;

    b. Nanjing Hongxun is legally and validly in possession of the land use rights of the property. Nanjing Hongxun has the rights to occupy, use, lease and dispose of the land parcel of the property. For the land parcel subject to the aforesaid mortgage, Nanjing Hongxun has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

    c. Nanjing Hongxun has obtained all requisite construction work approvals in respect of the actual development progress; and

    d. Nanjing Hongxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permit.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
38.	Nanjing Joy River South located at the western side of Nanyi Road and the southern side of Chunnan Road Gaochun District Nanjing City Jiangsu Province The PRC 南京和悦江南	Nanjing Joy River South is located at the western side of Nanyi Road and the northern side of Chunnan Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Nanjing Joy River South occupies a parcel of land with a site area of approximately 10,665.35 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in December 2021. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 18,693.18 sq.m. As at the valuation date, the property comprised the whole project of Nanjing Joy River South. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB69,900,000, of which approximately RMB38,300,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on March 2, 2090 for residential use and March 2, 2060 for commercial use.	As at the valuation date, the property was under construction.	100,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3201252019CR0027 dated August 21, 2019, the land use rights of a parcel of land with a site area of approximately 10,665.35 sq.m. were contracted to be granted to Nanjing Chunxun Real Estate Co., Ltd. (南京淳巽置業有限公司, "**Nanjing Chunxun**", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB54,400,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 32011820190356, permission towards the planning of the aforesaid land parcel with a site area of approximately 10,665.35 sq.m. has been granted to Nanjing Chunxun.

3. Pursuant to a Real Estate Title Certificate – Su (2020) Gao Ning Bu Dong Chan Di No. 004809, the land use rights of the aforesaid land parcel with a site area of approximately 10,665.35 sq.m. have been granted to Nanjing Chunxun for the terms expiring on March 2, 2090 for residential use and March 2, 2060 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 320118202010226 in favor of Nanjing Chunxun, Nanjing Joy River South with a total gross floor area of approximately 18,693.17 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 320125202004301101 in favor of Nanjing Chunxun, permission by the relevant local authority was given to commence the construction of Nanjing Joy River South with a total gross floor area of approximately 18,693.17 sq.m.

6. Pursuant to 3 Pre-sale Permits – Ning Fang Xiao Nos. 2020600045, 2020600068 and 2020600056 in favor of Nanjing Chunxun, the Group is entitled to sell portions of Nanjing Joy River South to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**	**No. of saleable car parking space**
		sq.m.	
Group II – held under development by the Group	Residential	13,116.25	
	Ancillary	731.14	
	Basement (inclusive of car parking spaces)	4,845.79	107
	Total:	**18,693.18**	**107**

8. As advised by the Group, various residential units with a total gross floor area of approximately 9,792.07 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB100,224,690. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB147,500,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and car parking spaces within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB9,500 to RMB11,800 per sq.m. for residential units and RMB90,000 to RMB110,000 per car parking space. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. The land use rights of the property are subject to a mortgage;

    b. Nanjing Chunxun is legally and validly in possession of the land use rights of the property. Nanjing Chunxun has the rights to occupy, use, lease and dispose of the land parcel of the property. For the land parcel subject to the aforesaid mortgage, Nanjing Chunxun has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

    c. Nanjing Chunxun has obtained all requisite construction work approvals in respect of the actual development progress; and

    d. Nanjing Chunxun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/ Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
39.	Nanjing Elegance located at the western side of Shijiaohu South Road and the southern side of Baota Road Gaochun District Nanjing City Jiangsu Province The PRC 南京和悦風華	Nanjing Elegance is located at the western side of Shijiaohu South Road and the southern side of Baota Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Nanjing Elegance occupies 3 parcels of land with a total site area of approximately 39,288.32 sq.m., which is being developed into a residential development. The project was under construction as at the valuation date and is scheduled to be completed in October 2022. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 78,369.39 sq.m. As at the valuation date, the property comprised the whole project of Nanjing Elegance. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB295,000,000, of which approximately RMB36,100,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on May 9, 2090 for residential use and May 9, 2060 for commercial use.	As at the valuation date, the property was under construction.	262,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3201252019CR0028 dated August 21, 2019, the land use rights of 3 parcels of land with a total site area of approximately 39,288.32 sq.m. were contracted to be granted to Nanjing Xixun Real Estate Co., Ltd. (南京溪巽置業有限公司, "**Nanjing Xixun**", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB209,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 32011820190359, permission towards the planning of the aforesaid land parcels with a total site area of approximately 39,288.32 sq.m. has been granted to Nanjing Xixun.

3. Pursuant to 3 Real Estate Title Certificates – Su (2020) Gao Ning Bu Dong Chan Di Nos. 005987 to 005989, the land use rights of the aforesaid land parcels with a total site area of approximately 39,288.32 sq.m. have been granted to Nanjing Xixun for the terms expiring on May 9, 2090 for residential use and May 9, 2060 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 320118202010416 in favor of Nanjing Xixun, Nanjing Elegance with a total gross floor area of approximately 78,369.39 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 320125202006221201 in favor of Nanjing Xixun, permission by the relevant local authority was given to commence the construction of Nanjing Elegance with a total gross floor area of approximately 78,369.39 sq.m.

6. Pursuant to 2 Pre-sale Permits – Ning Fang Xiao Di Nos. 2021600001 and 2021600013 in favor of Nanjing Xixun, the Group is entitled to sell portions of Nanjing Elegance to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**	**No. of saleable car parking space**
		sq.m.	
Group II – held under development by the Group	Residential	53,792.83	
	Ancillary	4,674.69	
	Basement (inclusive of car parking spaces)	19,901.87	394
	Total:	**78,369.39**	**394**

8. As advised by the Group, various residential units with a total gross floor area of approximately 8,744.89 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB86,738,591. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB594,300,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and car parking spaces within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB9,500 to RMB11,800 per sq.m. for residential units and RMB90,000 to RMB110,000 per car parking space. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

    a. The land use rights of 2 parcels of land of the property are subject to a mortgage;

    b. Nanjing Xixun is legally and validly in possession of the land use rights of the property. Nanjing Xixun has the rights to occupy, use, lease and dispose of the land parcels of the property. For the land parcels subject to the aforesaid mortgage, Nanjing Xixun has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released;

    c. Nanjing Xixun has obtained all requisite construction work approvals in respect of the actual development progress; and

    d. Nanjing Xixun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
40.	Wuxi Xinghuiyuan located at the western side of Xinyang Road and the southern side of Chenglu Road Jiangyin City Wuxi City Jiangsu Province The PRC 無錫星輝苑	Wuxi Xinghuiyuan is located at the western side of Xinyang Road and the southern side of Chenglu Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Wuxi Xinghuiyuan occupies a parcel of land with a site area of approximately 63,132.00 sq.m., which is being developed into a residential and commercial development. Portions of the project were under construction (the "**CIP**") as at the valuation date and are scheduled to be completed in January 2024. As advised by the Group, upon completion, the CIP will have a total planned gross floor area of approximately 112,172.37 sq.m. The construction of the remaining portion of the project with a plot ratio accountable gross floor area of approximately 69,725.04 sq.m. (the "**bare land**") had not been commenced as at the valuation date. As at the valuation date, the property comprised the whole project of Wuxi Xinghuiyuan with a total planned gross floor area of approximately 181,897.41 sq.m. The classification, usage and gross floor area details of the property are set out in note 6. As advised by the Group, the construction cost of the CIP of the property is estimated to be approximately RMB280,300,000, of which approximately RMB53,000,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on September 3, 2090 for residential use and September 3, 2060 for commercial use.	As at the valuation date, portions of the property were under construction and the remaining portion of the property was bare land.	619,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract 3202812020CR0059 and a supplementary contract dated August 6, 2020 and August 21, 2020 respectively, the land use rights of a parcel of land with a site area of approximately 63,132.00 sq.m. were contracted to be granted to Jiangyin Chengrun Real Estate Co., Ltd. (江陰市澄潤置業有限公司, "**Jiangyin Chengrun**", a 30.6%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB509,840,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 320281202000098, permission towards the planning of the aforesaid land parcel with a site area of approximately 63,132.00 sq.m. has been granted to Jiangyin Chengrun.

3. Pursuant to a Real Estate Title Certificate – Su (2020) Jiangyin Shi Bu Dong Chan Quan Di No.0032901, the land use rights of the aforesaid land parcel with a site area of approximately 63,132.00 sq.m. have been granted to Jiangyin Chengrun for the terms expiring on September 3, 2090 for residential use and September 3, 2060 for commercial use.

4. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Nos. 320281202050023 and 320281202050024 in favor of Jiangyin Chengrun, Wuxi Xinghuiyuan with a total gross floor area of approximately 181,897.41 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 320281202012300201 in favor of Jiangyin Chengrun, permission by the relevant local authority was given to commence the construction of portions of Wuxi Xinghuiyuan with a total gross floor area of approximately 112,172.37 sq.m.

6. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**
		sq.m.
Group II – held under development by the Group	Residential	63,050.29
	Commercial	4,546.87
	Ancillary	1,486.37
	Basement (inclusive of non-saleable car parking spaces)	43,088.84
	Sub-total:	**112,172.37**
Group III – held for future development by the Group	Residential	69,425.32
	Ancillary	299.72
	Sub-total:	**69,725.04**
	Total:	**181,897.41**

7. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB679,800,000.

8. Our valuation has been made on the following basis and analysis:

   a. For the portions of the property in Group II, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB9,000 to RMB10,500 per sq.m. for residential units and RMB13,500 to RMB17,000 per sqm. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered; and

   b. For the remaining portion of the property in Group III, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The accommodation value of these comparable land sites ranges from RMB3,800 to RMB4,000 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and other characteristics between the comparable properties and the property to arrive at the assumed accommodation value. The general basis of adjustment of location such as accessibility and characteristics related to development potential like site area, shape, tenure, etc. is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

   a. The land use rights of the property are subject to a mortgage;

   b. Jiangyin Chengrun is legally and validly in possession of the land use rights of the property. Jiangyin Chengrun has the rights to occupy, use, lease and dispose of the land parcel of the property. For the land parcel subject to the aforesaid mortgage, Jiangyin Chengrun has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released; and

   c. Jiangyin Chengrun has obtained all requisite construction work approvals in respect of the actual development progress.

10. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Portion
f.	Pre-sale Permit	No
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

11. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date**
	RMB
Group II – held under development by the Group	345,700,000
Group III – held for future development by the Group	274,100,000
Total:	**619,800,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
41.	Wuxi Xingguangyuan located at the western side of Xinyang Road and the southern side of Chenglu Road Jiangyin City Wuxi City Jiangsu Province The PRC 無錫星光苑	Wuxi Xingguangyuan is located at the western side of Xinyang Road and the southern side of Chenglu Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Wuxi Xingguangyuan occupies a parcel of land with a site area of approximately 29,085.00 sq.m., which is being developed into a residential development. The project was under construction as at the valuation date and is scheduled to be completed in March 2023. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 108,032.43 sq.m. As at the valuation date, the property comprised the whole project of Wuxi Xingguangyuan. The classification, usage and gross floor area details of the property are set out in note 7. As advised by the Group, the construction cost of the property is estimated to be approximately RMB332,600,000, of which approximately RMB65,500,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on September 3, 2090 for residential use and September 3, 2060 for commercial use.	As at the valuation date, the property was under construction.	443,700,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3202812020CR0058 and a supplementary contract dated August 11, 2020, the land use rights of a parcel of land with a site area of approximately 29,085.00 sq.m. were contracted to be granted to Jiangyin Xurun Real Estate Co., Ltd. (江陰市旭潤置業有限公司, "**Jiangyin Xurun**", a 30.6%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB336,800,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 32028120200097, permission towards the planning of the aforesaid land parcel with a site area of approximately 29,085.00 sq.m. has been granted to Jiangyin Xurun.

3. Pursuant to a Real Estate Title Certificate – Su (2020) Jiangyin Shi Bu Dong Chan Di No. 0032980, the land use rights of the aforesaid land parcel with a site area of approximately 29,085.00 sq.m. have been granted to Jiangyin Xurun for the terms expiring on September 3, 2090 for residential use and September 3, 2060 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 320281202000266 in favor of Jiangyin Xurun, Wuxi Xingguangyuan with a total gross floor area of approximately 108,032.43 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 320281202011060101 in favor of Jiangyin Xurun, permission by the relevant local authority was given to commence the construction of Wuxi Xingguangyuan with a total gross floor area of approximately 108,032.43 sq.m.

6. Pursuant to a Pre-sale Permit – (2021) Yu Xiao Zhun Zi Di No.004 in favor of Jiangyin Xurun, the Group is entitled to sell portions of Wuxi Xingguangyuan (representing a total gross floor area of approximately 52,955.04 sq.m.) to purchasers.

7. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**
		sq.m.
Group II – held under development by the Group	Residential	85,463.67
	Commercial	429.52
	Ancillary	1,358.63
	Basement (inclusive of non-saleable car parking spaces)	20,780.61
	Total:	**108,032.43**

8. As advised by the Group, various residential units with a total gross floor area of approximately 31,974.46 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB306,431,859. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB826,400,000.

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB9,000 to RMB10,500 per sq.m. for residential units and RMB13,500 to RMB17,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

a. The land use rights of the property are subject to a mortgage;

b. Jiangyin Xurun is legally and validly in possession of the land use rights of the property. Jiangyin Xurun has the rights to occupy, use, lease and dispose of the land parcel of the property; For the land parcel subject to the aforesaid mortgage, Jiangyin Xurun has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released.;

c. Jiangyin Xurun has obtained all requisite construction work approvals in respect of the actual development progress; and

d. Jiangyin Xurun has the rights to pre-sell the portions of the property according to the obtained Pre-sale Permit.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
42.	Wuxi Lanjing Yayuan located at the northern side of Yingcai West Street and the eastern side of Fukang Road Jiangyin City Wuxi City Jiangsu Province The PRC 無錫瀾景雅苑	Wuxi Lanjing Yayuan is located at the northern side of Yingcai West Street and the eastern side of Fukang Road. The locality is a well-developed residential and commercial area with mature and sophisticated infrastructural facilities. Wuxi Lanjing Yayuan occupies a parcel of land with a site area of approximately 16,905.00 sq.m., which is being developed into a residential development. The project was under construction as at the valuation date and is scheduled to be completed in May 2023. As advised by the Group, upon completion, the project will have a total planned gross floor area of approximately 45,744 sq.m. As at the valuation date, the property comprised the whole project of Wuxi Lanjing Yayuan. The classification, usage and gross floor area details of the property are set out in note 6. As advised by the Group, the construction cost of the property is estimated to be approximately RMB146,400,000, of which approximately RMB3,800,000 had been incurred as at the valuation date. The land use rights of the property have been granted for the terms expiring on November 22, 2090 for residential use and November 22, 2060 for commercial use.	As at the valuation date, the property was under construction.	112,500,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 3202812020CR0074 and a supplementary contract dated August 11, 2020, the land use rights of a parcel of land with a site area of approximately 16,905.00 sq.m. were contracted to be granted to Jiangyin Liangsheng Real Estate Co., Ltd. (江陰梁晟置業有限公司, "**Jiangyin Liangsheng**", a 51%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB102,890,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 320281202050004, permission towards the planning of the aforesaid land parcel with a site area of approximately 16,905.00 sq.m. has been granted to Jiangyin Liangsheng.

3. Pursuant to a Real Estate Title Certificate – Su (2020) Jiangyin Shi Bu Dong Chan Di No. 0044623, the land use rights of the aforesaid land parcel with a site area of approximately 16,905.00 sq.m. have been granted to Jiangyin Liangsheng for the terms expiring on November 22, 2090 for residential use and November 22, 2060 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 320281202050066 in favor of Jiangyin Liangsheng, Wuxi Lanjing Yayuan with a total gross floor area of approximately 45,904.25 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 320281202101260301 in favor of Jiangyin Liangsheng, permission by the relevant local authority was given to commence the construction of Wuxi Lanjing Yayuan with a total gross floor area of approximately 45,904.25 sq.m.

6. According to the information provided by the Group (including related permits, development plans and government endorsed area measurement reports), the planned gross floor area of the property is set out as below:

Group	**Usage**	**Planned Gross Floor Area**
		sq.m.
Group II – held under development by the Group	Residential	32,210.00
	Commercial	551.00
	Ancillary	959.00
	Basement (inclusive of non-saleable car parking spaces)	12,024.00
	Total:	**45,744.00**

7. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB330,400,000.

8. Our valuation has been made on the following basis and analysis:

   In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and commercial units within the same development of the subject property and other to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB9,000 to RMB10,500 per sq.m. for residential units and RMB13,500 to RMB17,000 per sq.m. for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the property to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

   a. The land use rights of the property are subject to a mortgage;

   b. Jiangyin Liangsheng is legally and validly in possession of the land use rights of the property. Jiangyin Liangsheng has the rights to occupy, use, lease and dispose of the land parcel of the property; For the land parcel subject to the aforesaid mortgage, Jiangyin Liangsheng has the rights to occupy and use the mortgaged portion, but the transfer of the mortgaged portion is legally restricted until the mortgage has been released; and

   c. Jiangyin Liangsheng has obtained all requisite construction work approvals in respect of the actual development progress.

10. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	No
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

11. For the purpose of this report, the property is classified into the group as "Group II – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
43.	Wuxi Donggang Land Parcel located at the western side of Lianqun Road and the southern side of Chuangxin West Road Donggang Town Xishan District Wuxi City Jiangsu Province The PRC 無錫東港地塊	Wuxi Donggang Land Parcel is located at the western side of Lianqun Road and the southern side of Chuangxin West Road. The locality is a newly developed area where municipal facilities, amenities and public transportation network are still under development. Wuxi Donggang Land Parcel is a parcel of land with a site area of approximately 15,674.00 sq.m., which will be developed into a residential and commercial development with a plot ratio accountable gross floor area of approximately 36,050.20 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date. As at the valuation date, the property comprised the whole project of Wuxi Donggang Land Parcel. The land use rights of the property have been granted for a term expiring on March 7, 2091 for residential use.	As at the valuation date, the property was bare land.	226,300,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No.3202832021CR0004 dated February 25, 2021 and a supplementary contract, the land use rights of a parcel of land with a site area of approximately 15,674.00 sq.m. were contracted to be granted to Wuxi Xunyi Real Estate Co., Ltd (無錫巽億置業有限公司, "**Wuxi Xunyi**", a wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB217,780,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No.320205202100012, permission towards the planning of the aforesaid land parcel with a site area of approximately 15,674.00 sq.m. has been granted to Wuxi Xunyi.

3. Pursuant to a Real Estate Title Certificate – Su (2021) Wuxi Shi Bu Dong Chan Quan Di No. 0079448, the land use rights of the aforesaid land parcel with a site area of approximately 15,674.00 sq.m. have been granted to Wuxi Xunyi for a term expiring on March 7, 2091 for residential use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No.320205202100062 in favor of Wuxi Xunyi, Wuxi Donggang Land Parcel has been approved for construction.

5. Our valuation has been made on the following basis and analysis:

   In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The accommodation value of these comparable land sites ranges from RMB6,000 to RMB6,500 per sq.m. for residential use. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and other characteristics between the comparable properties and the property to arrive at an assumed unit rate. The general basis of adjustment of location such as accessibility and characteristics related to development potential like site area, shape, tenure, etc. is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

   a. Wuxi Xunyi is legally and validly in possession of the land use rights of the property. Wuxi Xunyi has the rights to occupy, use, lease and dispose of the land parcel of the property; and

   b. Wuxi Xunyi has obtained all requisite construction work approvals in respect of the actual development progress.

7. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate/Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	No
f.	Pre-sale Permit	No
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

8. For the purpose of this report, the property is classified into the group as "Group III – held for future development by the Group in the PRC" according to the purpose for which it is held.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 23, 2018 under the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Act**"). The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "**Memorandum**") and its Amended and Restated Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Act and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on June 23, 2021 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so canceled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognize any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favor of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Act and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Act and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Act to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all traveling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalize all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting; or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

A copy of every balance sheet and profit or loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarized financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarized financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Act or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed pari passu amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium.

The Companies Act provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Act expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as canceled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal; (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future; (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do; (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct; or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Act of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from March 29, 2019.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Act prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office as a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Act. A branch register must be kept in the same manner in which a principal register is by the Companies Act required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, 25% or more of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court; (b) voluntarily; or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorizing civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorized by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act, 2018 of the Cayman Islands ("**ES Act**") that came into force on January 1, 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Act. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Act.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on November 23, 2018. Our Company has established its principal place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on September 27, 2019. Mr. Chang Eric Jackson was appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Act and to its constitution comprising the Memorandum and the Articles. A summary of certain provisions of the Memorandum and Articles of our Company and relevant aspects of the Companies Act is set out in Appendix IV to this prospectus.

2. Changes in the share capital of our Company

Our authorized share capital as of the date of its incorporation was US$50,000 divided into 500,000,000 shares of US$0.0001 each. Upon its incorporation, one share was allotted and issued to its initial subscriber. On the same day, the said one share was transferred to Q Kun Ltd. and a further 83 shares, eight shares and eight shares were allotted and issued to Q Kun, Bing L and Juan L, respectively.

On June 5, 2019, the authorized share capital of our Company was redenominated from a par value of US$0.0001 per share to HK$0.00001 per Share. Upon such redenomination, 6,552 Shares, 624 Shares and 624 Shares with a par value of HK$0.00001 were allotted and issued to Q Kun, Bing L and Juan L, respectively. Immediately after such allotment and issue of Shares, our Company repurchased the existing 84 shares, eight shares and eight shares of US$0.0001 each held by Q Kun, Bing L and Juan L, respectively, being the entire number of issued shares of our Company with a par value of US$0.0001 each. Our Company then canceled all unissued Shares of US$0.0001 each in the capital of our Company. Following the increase of authorized share capital and redenomination of share capital of our Company, the authorized share capital of our Company became HK$380,000 divided into 38,000,000,000 Shares of a par value of HK$0.00001 each. The shareholding percentage of each of Q Kun, Juan L and Bing L remained unchanged immediately after the redenomination of the authorized share capital of our Company.

On August 6, 2019, our Company further allotted 1,428, 136, 136 and 500 Shares to Q Kun, Bing L, Juan L and Jiuxun, respectively.

Immediately following completion of the Global Offering and Capitalization Issue (but not taking into account the Shares that may be allotted and issued pursuant to the exercise of any option(s) which may be granted under the Share Option Scheme), the authorized share capital of our Company will be HK$380,000 divided into 38,000,000,000 Shares, of which 660,000,000 Shares will be allotted and issued fully paid or credited as fully paid and 37,340,000,000 Shares will remain unissued.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus up to the Latest Practicable Date.

3. Written resolutions of all the Shareholders passed on June 23, 2021

By written resolutions of all the Shareholders passed on June 23, 2021, among other things:

(a) we approved and adopted the Memorandum with immediate effect and the Articles with effect from the Listing Date;

(b) conditional on (aa) the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and Shares to be allotted and issued pursuant to the Global Offering and the Capitalization Issue and Shares to be issued as mentioned in this prospectus (including any additional Shares which may be allotted and issued pursuant to the exercise of the options to be granted under the Over-allotment Option and any option which may be granted under the Share Option Scheme); (bb) the Offer Price having been duly determined and the execution and delivery of the Hong Kong Underwriting Agreement on the date as specified in this prospectus; and (cc) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before the dates and times specified in the Underwriting Agreements:

(i) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering;

(ii) the Over-allotment Option was approved;

(iii) the Share Option Scheme was approved;

(iv) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalize HK$4,949.9 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 494,990,000 Shares, such Shares to be allotted and issued to our Shareholder(s) as of the date of the passing of the resolution on a pro rata basis;

(v) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might acquire Shares to be allotted and issued), otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles, or upon the exercise of any option(s) which may be granted under the Share Option Scheme or under the Global Offering or the Capitalization Issue or upon the exercise of any option(s) which may be granted under the Share Option Scheme, Shares with an aggregate number of shares not exceeding the sum of (aa) 20% of the aggregate number of shares of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue (but excluding the Shares which may be allotted and issued upon the exercise of the options which may be granted under the Share Option Scheme), (bb) the aggregate number of shares of our Company which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (vi) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first;

(vi) a general unconditional mandate was given to our Directors to exercise all powers of our Company to buy-back on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate number of shares of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue (but excluding the Shares which may be allotted and issued pursuant to the exercise of the option(s) which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first; and

(vii) the general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition to the aggregate number of shares of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company bought back by our Company pursuant to the mandate to buy-back Shares as referred to in sub-paragraph (vi) above, provided that such extended amount shall not exceed 10% of the aggregate number of shares of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue but excluding the Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

4. Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the Listing. For details, please see the section headed "History, Reorganization and corporate structure" in this prospectus.

5. Changes in the share capital of our subsidiaries

Our principal subsidiaries are set out 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 our Company within two years immediately preceding the date of this prospectus.

a. Chuzhou Sanxun

On January 19, 2021, the registered capital of Chuzhou Sanxun was increased from approximately RMB210.53 million to RMB500 million.

*b. 阜陽上郡房地產有限公司 (Fuyang Shangjun Properties Co., Ltd.) ("**Fuyang Shangjun**")*

On August 2, 2019, the registered capital of Fuyang Shangjun was increased from RMB10 million to RMB50 million.

*c. 亳州乾巽置業有限公司 (Bozhou Qianxun Real Estate Co., Ltd.) ("**Bozhou Qianxun**")*

On August 13, 2019, the registered capital of Bozhou Qianxun was increased from RMB50 million to approximately RMB98.04 million.

*d. 宿州三巽置業有限公司 (Suzhou Sanxun Real Estate Co., Ltd.) ("**Suzhou Sanxun**")*

On December 18, 2019, the registered capital of Suzhou Sanxun was increased from RMB20 million to approximately RMB50 million.

e. Zoucheng Zhongyu

On May 25, 2020, the registered capital of Zoucheng Zhongyu was increased from RMB20 million to approximately RMB40.82 million.

f. Nanjing Jiaze

On April 27, 2020, the registered capital of Nanjing Jiaze was increased from RMB20 million to RMB95 million.

g. Bozhou Rongxun

On October 12, 2020, the registered capital of Bozhou Rongxun was increased from RMB 50 million to RMB 71.43 million.

h. Lixin Sanxun Zhongtong Nancheng

On October 19, 2020, the registered capital of Lixin Sanxun Zhongtong Nancheng was increased from RMB30 million to RMB70 million.

i. Guoyang Taixun

On October 28, 2020, the registered capital of Guoyang Taixun was increased from RMB20 million to RMB80 million.

j. Chuzhou Tengxun

On December 24, 2020, the registered capital of Chuzhou Tengxun was increased from RMB20 million to approximately RMB22.2 million.

k. Jiangyin Chengrun

On August 12, 2020, the registered capital of Jiangyin Chengrun was increased from RMB10 million to RMB100 million.

l. Jiangyin Xurun

On November 11, 2020, the registered capital of Jiangyin Xurun was increased from RMB10 million to RMB100 million.

m. Jiangyin Liangsheng

On December 14, 2020, the registered capital of Jiangyin Liangsheng was increased from RMB40 million to approximately RMB81.6 million.

n. Chuzhou Jiuxun

On May 21, 2021, the registered capital of Chuzhou Jiuxun was increased from approximately RMB10 million to RMB20 million.

6. Repurchases of our Shares

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions of all the Shareholders passed on June 23, 2021, a general unconditional mandate (the "**Buy-back Mandate**") was granted to our Directors authorizing the repurchase of shares by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with the total number of Shares not exceeding 10% of the total number of Shares in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange in effect from time to time.

(b) Reasons for buy-backs

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from our Shareholders to enable our Directors to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and its assets and/or its earnings per Share.

(c) Funding of buy-back

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

It is presently proposed that any repurchase of Shares will be made out of the profits of our Company, the share premium amount of our Company or the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Islands Companies Act, out of capital and, in the case of any premium payable on the purchase over the par value of the Shares to be repurchased must be provided for, out of either or both of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Islands Companies Act, out of capital.

Our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company. However, there might be a material adverse impact on the working capital or gearing level as compared with the position disclosed in this prospectus in the event that the Buyback Mandate is exercised in full.

(d) Share capital

Exercise in full of the Buyback Mandate, on the basis of 660,000,000 Shares in issue immediately after the Listing (but not taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option), could accordingly result in up to 66,000,000 Shares being repurchased by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or

(iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(e) General

None of our Directors nor, to the best of their knowledge, information and belief, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules, the Memorandum and Articles of Association, and the applicable laws of the Cayman Islands.

No core connected person (as defined in the Listing Rules) has notified us that he/she/it has a present intention to sell Shares to us, or has undertaken not to do so, if the Buyback Mandate is approved and exercised by the Directors.

If as a result of a securities repurchase pursuant to the Buyback Mandate, a shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Our Directors are not aware of any other consequences which may arise under the Takeovers Code if the Buyback Mandate is exercised.

If the Buyback Mandate is fully exercised immediately following completion of the Global Offering and the Capitalization Issue (but not taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option), the total number of Shares which will be repurchased pursuant to the Buyback Mandate will be 66,000,000 Shares, being 10% of the total number of Shares based on the aforesaid assumptions. The percentage shareholding of our Controlling Shareholders will be increased to approximately 72.83% in aggregate of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) an equity transfer agreement dated July 23, 2019 entered into among Chuzhou Sanxun Real Estate Co., Ltd. (滁州三巽置業有限公司), Beijing North Guojian Real Estate Co., Ltd. (北京北方國建置業有限公司), Anhui Zhongtong Real Estate Co., Ltd. (安徽省中通置業有限公司) and An Guorong (安國榮), pursuant to which Chuzhou Sanxun Real Estate Co., Ltd. (滁州三巽置業有限公司) transferred 49% of the equity interest in Suzhou Sanxun Real Estate Co., Ltd. (宿州三巽置業有限公司) to Beijing North Guojian Real Estate Co., Ltd. (北京北方國建置業有限公司), 15% of the equity interest in Suzhou Sanxun Real Estate Co., Ltd. (宿州三巽置業有限公司) to Anhui Zhongtong Real Estate Co., Ltd. (安徽省中通置業有限公司) and 6% of the equity interest in Suzhou Sanxun Real Estate Co., Ltd. (宿州三巽置業有限公司) to An Guorong (安國榮) at a consideration of RMB9.8 million, RMB3.0 million and RMB1.2 million, respectively;

(b) an equity transfer agreement dated August 13, 2020 entered into between Beijing North Guojian Real Estate Co., Ltd. (北京北方國建置業有限公司) and Anhui Honghai Property Development Co., Ltd (安徽宏海房地產開發有限公司), pursuant to which Beijing North Guojian Real Estate Co., Ltd. (北京北方國建置業有限公司) transferred 49% of the equity interest in Suzhou Sanxun Real Estate Co., Ltd. (宿州三巽置業有限公司) to Anhui Honghai Property Development Co., Ltd. (安徽宏海房地產開發有限公司) for nil consideration;

(c) an equity transfer agreement dated July 26, 2019 entered into between Anhui Bangtai Real Estate Co., Ltd. (安徽邦泰置業有限公司) and Chuzhou Sanxun Real Estate Co., Ltd. (滁州三巽置業有限公司), pursuant to which Anhui Bangtai Real Estate Co., Ltd. (安徽邦泰置業有限公司) transferred 30% of the equity interest in Guoyang Taixun Real Estate Co., Ltd. (渦陽縣泰巽置業有限公司) to Chuzhou Sanxun Real Estate Co., Ltd. (滁州三巽置業有限公司) at nil consideration;

(d) an equity transfer agreement dated October 23, 2019 entered into between Hefei Aohui Real Estate Co., Ltd. (合肥奧匯置業有限公司) and Wuhan Shihe Yingye Operation Management Co., Ltd. (武漢世和盈業經營管理有限公司), pursuant to which Hefei Aohui Real Estate Co., Ltd. (合肥奧匯置業有限公司) transferred 40% of the equity interest in Chaohu Shixun Real Estate Co., Ltd. (巢湖市世巽置業有限公司) to Wuhan Shihe Yingye Operation Management Co., Ltd. (武漢世和盈業經營管理有限公司) for nil consideration;

(e) an equity transfer agreement dated October 23, 2019 entered into between Hefei Aohui Real Estate Co., Ltd. (合肥奧匯置業有限公司) and Hefei Jiaze Real Estate Co., Ltd. (合肥加澤置業有限公司), pursuant to which Hefei Aohui Real Estate Co., Ltd. (合肥奧匯置業有限公司) transferred 9% of the equity interest in Chaohu Shixun Real Estate Co., Ltd. (巢湖市世巽置業有限公司) to Hefei Jiaze Real Estate Co., Ltd. (合肥加澤置業有限公司) for nil consideration;

(f) an equity transfer agreement dated November 21, 2019 and a supplemental agreement dated January 29, 2020 entered into between Anhui Liangsheng Real Estate Co., Ltd. (安徽梁盛置業有限公司) and Anhui Liangxu Real Estate Co., Ltd. (安徽梁旭置業有限公司) pursuant to which Anhui Liangsheng Real Estate Co., Ltd. (安徽梁盛置業有限公司) transferred 36% of the equity interest in Hefei Jiusan Real Estate Co., Ltd. (合肥玖叁置業有限公司) to Anhui Liangxu Real Estate Co., Ltd. (安徽梁旭置業有限公司) for nil consideration;

(g) the Deed of Non-competition;

(h) the Deed of Indemnity; and

(i) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademark

As of the Latest Practicable Date, our Group was the registered proprietor of the following trademarks which, in the opinion of our Directors, are or may be material to our business:

No.	Trademark	Registration number	Class	Name of registered proprietor	Place of registration	Date of registration	Expiry date
1	三巽集团 SANXUN GROUP	304823037	37	Our Company	Hong Kong	February 1, 2019	January 31, 2029
2		11647324	37	Chuzhou Sanxun	PRC	May 7, 2014	May 6, 2024
3	三巽 SANXUN	11647406	37	Chuzhou Sanxun	PRC	March 28, 2014	March 27, 2024
4	三巽英伦华第	22320690	37	Chuzhou Sanxun	PRC	January 28, 2018	January 27, 2028
5	三巽瑯琊府	22320974	37	Chuzhou Sanxun	PRC	January 28, 2018	January 27, 2028
6	三巽壹號院	22320998	37	Chuzhou Sanxun	PRC	February 7, 2018	February 6, 2028
7	三巽三悦	22887714	37	Chuzhou Sanxun	PRC	February 28, 2018	February 27, 2028
8	三巽和悦	22887733	37	Chuzhou Sanxun	PRC	February 28, 2018	February 27, 2028
9	三巽隆悦	22887757	37	Chuzhou Sanxun	PRC	February 28, 2018	February 27, 2028
10	三巽琅琊府	22887899	37	Chuzhou Sanxun	PRC	February 28, 2018	February 27, 2028
11	三巽公园墅	25215757	36	Chuzhou Sanxun	PRC	July 7, 2018	July 6, 2028
12	三巽亳公馆	25909977	36	Chuzhou Sanxun	PRC	August 14, 2018	August 13, 2028
13	三巽公园里	25929057	36	Chuzhou Sanxun	PRC	August 14, 2018	August 13, 2028
14	三巽国茂府	27581958	36	Chuzhou Sanxun	PRC	October 28, 2018	October 27, 2028
15	三巽	27603980	37	Chuzhou Sanxun	PRC	October 28, 2018	October 27, 2028
16	三巽	27614459	39	Chuzhou Sanxun	PRC	October 21, 2018	October 20, 2028
17	三巽	27617043	36	Chuzhou Sanxun	PRC	October 21, 2018	October 20, 2028

No.	Trademark	Registration number	Class	Name of registered proprietor	Place of registration	Date of registration	Expiry date
18	加侨京冠学府壹号	34398687	36	Shouxian Jingqiao	PRC	July 7, 2019	July 6, 2029
19	加侨京冠学府壹号	34376764	42	Shouxian Jingqiao	PRC	July 7, 2019	July 6, 2029
20	加侨京冠学府壹号	34385962	37	Shouxian Jingqiao	PRC	July 7, 2019	July 6, 2029

(b) Domain name

As of the Latest Practicable Date, our Group had registered the following domain name:

Domain Name	Name of Registered Proprietor	Date of Registration	Expiry Date
www.sanxungroup.com	Chuzhou Sanxun	May 18, 2010	May 18, 2024

Save as disclosed in this prospectus, there are no trademarks, patents or other intellectual property rights which are material in relation to the business of our Group.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors' service contracts

Our executive Directors' service contracts have a term of three years commencing from the Listing Date and may be terminated by either party by giving not less than three calendar months' notice in writing. In certain other circumstances, the service contract can also be terminated by us, including but not limited to certain breaches of our Directors' obligations under the contract or certain misconducts. The appointments of our executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles. The salary of each executive Director after each financial year is subject to adjustment as determined by our Company's remuneration committee and approved by a majority of the members of our Board (excluding our Director whose salary is under review).

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for a period of three years commencing from the Listing Date and may be terminated by either party by giving at least three months' notice. The appointments of the independent non-executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles. Pursuant to the terms of the letters of appointment, the aggregate annual director's fee payable to our independent non-executive Directors is RMB432,000.

2. Directors' remuneration

Our Company's policies concerning remuneration of executive Directors are as follows:

(i) the amount of remuneration payable to the executive Directors will be determined on a case by case basis depending on our Director's experience, responsibility, workload, the time devoted to our Group, individual performance and the performance of our Group; and

(ii) non-cash benefits may be provided at the discretion of our Board to our Directors under their remuneration package.

The aggregate emoluments paid (salary, allowances, benefits in kind, discretionary bonuses and defined contribution) granted by our Group to our Directors in respect of the years ended December 31, 2018, 2019 and 2020 was approximately RMB2.0 million, RMB2.0 million and RMB2.8 million, respectively. Details of our Directors' remuneration are also set out in note 8 of the Accountants' Report set out in Appendix I to this prospectus.

Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including our independent non-executive Directors) for the year ending December 31, 2021, are expected to be no more than RMB3.0 million.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the years ended December 31, 2018, 2019 and 2020 as (i) an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the years ended December 31, 2018, 2019 and 2020.

3. Disclosure of Directors' interests

Immediately following completion of the Global Offering and the Capitalization Issue (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the interests or short positions of our Directors and the chief executives of our Company in the Shares, underlying shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, in each case once the Shares are listed on the Stock Exchange, will be as follows:

(i) Interest in our Company

Name of Director	Nature of Interest	Number of Shares[1]	Percentage of shareholding interest
Mr. Qian Kun[2]	Interest in controlled corporations/ Interest of spouse	432,630,000 (L)	65.55%
Ms. An Juan[3]	Interest in controlled corporations/ Interest of spouse	432,630,000 (L)	65.55%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Mr. Qian Kun is the sole shareholder of Q Kun Ltd. and is therefore deemed to be interested in the 395,010,000 Shares held by Q Kun Ltd. Mr. Qian Kun is also the spouse of Ms. An Juan and is therefore deemed to be interested in all the 37,620,000 Shares Ms. An Juan is interested in through Juan L Ltd..

(3) Ms. An Juan is the sole shareholder of Juan L Ltd. and is therefore deemed to be interested in the 37,620,000 Shares held by Juan L Ltd. Ms. An is also the spouse of Mr. Qian Kun and is therefore deemed to be interested in all the 395,010,000 Shares Mr. Qian Kun is interested in through Q Kun Ltd..

(ii) Interest in associated corporation

Name of Director	Name of associated corporation	Nature of Interest	Number of Shares	Percentage of shareholding interest
Mr. Qian Kun	Q Kun Ltd.	Beneficial owner	1	100%

4. Substantial shareholders

Immediately following completion of the Global Offering and the Capitalization Issue (assuming that the Over-allotment Option is not exercised and without taking into account of the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), based on the information available on the Latest Practicable Date, the following persons/entities (other than our Directors and chief executives of our Company) will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company 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 number of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Nature of interest	Number of Shares(1)	Percentage of shareholding interest
Q Kun Ltd.	Beneficial owner	395,010,000 (L)	59.85%
Juan L Ltd.	Beneficial owner	37,620,000 (L)	5.7%
Mr. Qian Bing(2)	Interest in controlled corporation	37,620,000 (L)	5.7%
Bing L Ltd.	Beneficial owner	37,620,000 (L)	5.7%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Mr. Qian Bing is the sole shareholder of Bing L Ltd. and is therefore deemed to be interested in the Shares held by Bing L Ltd.

5. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or chief executive of our Company has any interests and short positions in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;

(b) so far as is known to any of our Directors or chief executive of our Company, no person has an interest or short position in the Shares and underlying shares of our Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the number of shares carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of our Directors nor any of the persons listed in the sub-section headed "Qualifications and consents of experts" below is interested, directly or indirectly, in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors or the persons listed in the sub-section headed "Qualifications and consents of experts" below is materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group;

(e) none of the persons listed in the sub-section headed "Qualifications and consents of experts" below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) so far as is known to our Directors, none of our Directors or their associates or any shareholder of our Company (which to the knowledge of our Directors owns 5% or more of the issued share capital of our Company) has any interest in any of the five largest customers of our Group.

D. SHARE OPTION SCHEME

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on June 23, 2021.

(a) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and

(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Who may join

Our Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as our Board may determine at an exercise price determined in accordance with paragraph (f) below:

(i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;

(ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries; and

(iii) any advisers, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of our Board will contribute or have contributed to our Company or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK$1.00 to our Company by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(c) Acceptance of an offer of Options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favor of our Company of HK$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for our Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the Grantee certificates in respect of our Shares so allotted.

The exercise of any Option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorized share capital of our Company.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering, being 66,000,000 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, our Board may:

(i) renew this limit at any time to 10% of our Shares in issue as at the date of the approval by our Shareholders in general meeting; and/or

(ii) grant options beyond the 10% limit to Eligible Participants specifically identified by our Board. The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of our Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of consolidation, capitalization issue, rights issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(e) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

(ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before our Shareholders' approval and the date of the Board meeting at which our Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of our Shares. Our Board shall forward to such Eligible Participant an offer document in such form as our Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:

(1) the Eligible Participant's name, address and occupation;

(2) the date on which an Option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;

(3) the date upon which an offer for an Option must be accepted;

(4) the date upon which an Option is deemed to be granted and accepted in accordance with paragraph (c);

(5) the number of Shares in respect of which the Option is offered;

(6) the subscription price and the manner of payment of such price for our Shares on and in consequence of the exercise of the Option;

(7) the date of the notice given by the grantee in respect of the exercise of the Option; and

(8) the method of acceptance of the Option which shall, unless our Board otherwise determines, be as set out in paragraph (c).

(f) Price of Shares

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as our Board in its absolute discretion shall determine, save that such price must be at least the higher of:

(i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

(g) Granting options to connected persons

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). If our Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of our Shares in issue; and

(ii) having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of our Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

(i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before our Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;

(ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;

(iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(iv) the information required under Rule 2.17 of the Listing Rules.

(h) Restrictions on the times of grant of Options

A grant of options may not be made after inside information has come to the knowledge of our Company until it has been published pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual results or half-year, or quarterly or other interim period (whether or not required under the Listing Rules);

(ii) the deadline for our Company to publish an announcement of its annual results or half-year, or quarterly or other interim period (whether or not required under the Listing Rules) and ending on the date of actual publication of the results announcement, and where an option is granted to a Director;

(iii) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Rights are personal to grantee

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name our Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) Time of exercise of Option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by our Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(k) Performance target

A grantee may be required to achieve any performance targets as our Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) Rights on ceasing employment or death

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries

(i) by any reason other than death or termination of his employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or

(ii) by reason of death, his personal representative(s) may exercise the option within a period of 12 months from such cessation, which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

(m) Rights on dismissal

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of our Group (if so determined by our Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, or has been convicted of any criminal offense involving his integrity or honesty, his option will lapse and not be exercisable after the date of termination of his employment.

(n) Rights on takeover

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) Rights on winding-up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

(p) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(q) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will carry the same rights in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise.

(r) Effect of alterations to capital

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer, consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to our Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on September 5, 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of our Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrations and their certificate shall, in absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an Option is entitled to subscribe pursuant to the Options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(s) Expiry of option

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(i) the date of expiry of the option as may be determined by our Board;

(ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);

(iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;

(iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;

(v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of its subsidiaries or the termination of his or her employment or contract on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offense involving his or her integrity or honesty, or in relation to an employee of our Group (if so determined by our Board), or has been insolvent, bankrupt or has made compositions with his/her creditors generally or any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group. A resolution of our Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

(vi) the date on which our Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are canceled in accordance with paragraph (u) below.

(t) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of our Board except that:

(i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and

(ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted, shall first be approved by our Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of our Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(iii) Cancelation of Options.

Subject to paragraph (i) above, any cancelation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any Option is canceled pursuant to paragraph (m).

(u) Termination of the Share Option Scheme

Our Company may by resolution in general meeting or our Board at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(v) Administration of our Board

The Share Option Scheme shall be subject to the administration of our Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(w) Condition of the Share Option Scheme

The Share Option Scheme is conditional on:

(i) the Stock Exchange granting the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;

(ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise;

(iii) the commencement of dealings in our Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within two calendar months from the Adoption Date:

(i) the Share Option Scheme shall forthwith determine;

(ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and

(iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(x) Disclosure in annual and interim reports

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

(y) Present status of the Share Option Scheme

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Stock Exchange for the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 66,000,000 Shares in total.

E. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders have entered into the Deed of Indemnity with and in favor of our Company (for ourselves and on behalf of our subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters, (i) taxation or taxation claims resulting from income, profits or gains earned, accrued or received, any late charges and penalties incurred as a result of tax filing matters as well as any estate duty to which any member of our Group may be subject and payable on or before the Listing Date; (ii) overdue contributions and any late charges and penalties imposed by the relevant authorities resulting from any insufficient contribution to social insurance and housing provident fund during the Track Record Period as disclosed in "Business—Non-compliance Incidents—Failure to Make Sufficient Contribution of Social Insurance and Housing Provident Funds"; and (iii) any claims, penalties or other liabilities which may arise due to the breach of any laws and regulations by any member of our Group before the Listing Date, save, among others, (a) to the extent that specific provision or reserve has been made for such taxation in the audited combined financial statements of our Group as set out in Appendix I; (b) to the extent that the liability for such taxation would not have arisen but for any act or omission of, or delay by, any member of our Group after the Listing Date; and (c) to the extent such loss arises or is incurred only as a result of a retrospective change in law or regulations or the interpretation or practice thereof by any relevant authority coming into force after the Listing Date.

2. Litigation

As of the Latest Practicable Date, save as disclosed in "Business—Legal Proceedings and Material Claims", no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor fee in relation to the Listing is approximately US$700,000.

The Sole Sponsor has made an application on our Company's behalf to the Stock Exchange for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made for the Shares to be admitted into CCASS.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately RMB24,000 and are payable by our Company.

5. No material adverse change

Saved as disclosed in this prospectus, our Directors confirm that there has been no material adverse change in our Group's financial or trading position since December 31, 2020 (being the date on which the latest audited combined financial information of our Group was prepared).

6. Promoter

Our Company does not have any promoter (as defined in the Listing Rules). Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

7. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

Under present Cayman Islands law, transfers and other dispositions of Shares are exempted from Cayman Islands stamp duty provided that our Company does not hold interests in land in the Cayman Islands.

(b) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

8. Qualifications and consents of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualifications
CCB International Capital Limited	Licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified public accountants Registered public interest entity auditor
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Commerce & Finance Law Offices	Legal advisors to our Company as to the PRC laws
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer and industry consultant

Each of the experts named above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports and/or letter and/or valuation certificate and/or opinions and/or the references to its name included herein in the form and context in which it is respectively included.

9. Binding effect

This prospectus shall have the effect, in an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Miscellaneous Provisions) Ordinance so far as applicable.

10. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this prospectus, the English language version shall prevail.

11. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and

(iv) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of our subsidiaries;

(b) no founder, management or deferred Shares nor any debenture in our Company or any of our subsidiaries have been issued or agreed to be issued;

(c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(d) the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;

(e) no company within our Group is presently listed on any stock exchange or traded on any trading system;

(f) our Directors have been advised that the use of a Chinese name by our Company in conjunction with our English name does not contravene the Cayman Islands Companies Act;

(g) save as disclosed in this prospectus, our Company has no outstanding convertible debt securities or debentures;

(h) none of the persons whose names are listed in the paragraph headed "8. Qualifications and consents of experts" under this appendix:

    (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

    (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group; and

(i) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

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 the section headed "E. Other information —8. Qualifications and consents of experts" in Appendix V to this prospectus; and

(c) a copy of each of the material contracts referred to in the section headed "B. Further information about our Company's business—1. Summary of material contracts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Sidley Austin at 39/F, Two International Finance Centre, 8 Finance Street, 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 Memorandum and the Articles;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus, together with the related statement of adjustments;

(c) the audited consolidated financial statements of the relevant Group companies for each of the years ended December 31, 2018, 2019 and 2020;

(d) the report on the unaudited pro forma financial information prepared by Ernst & Young, the text of which is set out in Appendix II to this prospectus;

(e) the letter, summary of property values and valuation reports relating to the property interest of our Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the texts of which is set out in Appendix III to this prospectus;

(f) the letter of advice prepared by Conyers Dill & Pearman, legal advisors to our Company as to Cayman Islands law, summarizing certain aspects of the company law of the Cayman Islands referred to in Appendix IV to this prospectus;

(g) the Cayman Islands Companies Act;

(h) the rules of the Share Option Scheme;

(i) the material contracts referred to in the section headed "B. Further information about our Company's business—1. Summary of material contracts" in Appendix V to this prospectus;

(j) the written consents referred to in the section headed "E. Other information —8. Qualifications and consents of experts" in Appendix V to this prospectus;

(k) the service contracts and the letters of appointment referred to in the section headed "C. Further information about our Directors and substantial Shareholders" in Appendix V to this prospectus;

(l) the PRC legal opinions issued by Commerce & Finance Law Offices, legal advisors to our Company as to PRC laws; and

(m) the market research report provided by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

三巽集团
SANXUN GROUP

Sanxun Holdings Group Limited
三巽控股集團有限公司