



Zhongliang Holdings Group Company Limited

中梁控股集团有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2772



**GLOBAL
OFFERING**

Sole Sponsor



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



國泰君安國際
GUOTAI JUNAN INTERNATIONAL

IMPORTANT

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



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(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

| | |
|--|--|
| Number of Offer Shares under the Global Offering | : 530,000,000 Shares (subject to the Over-allotment Option) |
| Number of Hong Kong Offer Shares | : 53,000,000 Shares (subject to reallocation) |
| Number of International Offer Shares | : 477,000,000 Shares (subject to reallocation and the Over-allotment Option) |
| Maximum Offer Price (subject to a Downward Offer Price Adjustment) | : HK\$6.68 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund) (if the Offer Price is set at 10% below the low end of the indicative Offer Price range after making a Downward Offer Price Adjustment, the Offer Price will be HK\$4.68 per Offer Share) |
| Nominal value | : HK\$0.01 per Share |
| Stock code | : 2772 |

Sole Sponsor



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Bookrunners and Joint Lead Managers



Joint Lead Managers



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

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

The Offer Price is expected to be determined by agreement between the Sole Representative (for itself and on behalf of the other Underwriters) and our Company on or about Tuesday, July 9, 2019 and, in any event, not later than Friday, July 12, 2019. The Offer Price will be not more than HK\$6.68 per Offer Share and is currently expected to be not less than HK\$5.20 per Offer Share (subject to a Downward Offer Price Adjustment), unless otherwise announced. If the Offer Price is set at 10% below the low end of the indicative Offer Price range after making a Downward Offer Price Adjustment, the Offer Price will be HK\$4.68 per Offer Share. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$6.68 per Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK\$6.68 per Offer Share.

The Sole Representative (for itself and on behalf of the other Underwriters), with the consent of our Company, may reduce the indicative Offer Price range stated in this prospectus and/or reduce the number of Offer Shares being offered pursuant to the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the section headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If, for any reason, the Offer Price is not agreed between our Company and the Sole Representative (for itself and on behalf of the other Underwriters) on or before Friday, July 12, 2019 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse. Please also see the section headed "Underwriting — Underwriting Arrangements and Expenses — The Hong Kong Public Offering — Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on Tuesday, July 16, 2019, provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on Tuesday, July 16, 2019.

June 27, 2019

EXPECTED TIMETABLE⁽¹⁾

| | |
|--|--------------------------------------|
| Hong Kong Public Offering commences and WHITE and YELLOW Application Forms available from | 9:00 a.m. on Thursday, June 27, 2019 |
| Latest time for completing electronic applications under White Form eIPO service through the designated website www.eipo.com.hk ⁽²⁾ | 11:30 a.m. on Monday, July 8, 2019 |
| Application lists open ⁽³⁾ | 11:45 a.m. on Monday, July 8, 2019 |
| Latest time for lodging WHITE and YELLOW Application Forms | 12:00 noon on Monday, July 8, 2019 |
| Latest time for completing payment of White Form eIPO applications by effecting internet banking transfer(s) or PPS payment transfer(s) | 12:00 noon on Monday, July 8, 2019 |
| Latest time for giving electronic application instructions to HKSCC ⁽⁴⁾ | 12:00 noon on Monday, July 8, 2019 |
| Application lists close ⁽³⁾ | 12:00 noon on Monday, July 8, 2019 |
| Expected Price Determination Date ⁽⁵⁾ | on or around Tuesday, July 9, 2019 |

Where applicable, announcement of the Offer Price being set below the low end of the indicative Offer Price range after making a Downward Offer Price Adjustment. (See the section headed “Structure of the Global Offering — Pricing and Allocation”) on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.zldcgroup.com⁽⁶⁾⁽⁷⁾ on or before

Monday, July 15, 2019

- | | |
|---|-----------------------|
| (1) Announcement of the final Offer Price, the level of indications of interest in the International Offering, the results of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before | Monday, July 15, 2019 |
| (2) 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 as described in the section headed “How to Apply for Hong Kong Offer Shares — 11. Publication of Results” in this prospectus from | Monday, July 15, 2019 |
| (3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company’s website at www.zldcgroup.com ⁽⁷⁾ from | Monday, July 15, 2019 |

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 from

Monday, July 15, 2019

Dispatch/collection of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before⁽⁸⁾⁽¹⁰⁾

Monday, July 15, 2019

EXPECTED TIMETABLE⁽¹⁾

Dispatch/collection of refund checks and White Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before⁽⁹⁾⁽¹⁰⁾ Monday, July 15, 2019

Dealings in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on Tuesday, July 16, 2019

The application for the Hong Kong Public Offering will commence on Thursday, June 27, 2019 through Monday, July 8, 2019, being slightly longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving banks on behalf of our Company and the refund monies, if any, will be returned to the applicants without interest on Monday, July 15, 2019. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Tuesday, July 16, 2019.

Notes:

- (1) *All times refer to Hong Kong local time, except as otherwise stated.*
- (2) *You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.*
- (3) *If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, July 8, 2019, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.*
- (4) *Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus.*
- (5) *The Price Determination Date is expected to be on or around Tuesday, July 9, 2019 and, in any event, not later than Friday, July 12, 2019. If, for any reason, the Offer Price is not agreed between the Sole Representative (for itself and on behalf of the other Underwriters) and us by Friday, July 12, 2019, the Global Offering will not proceed and will lapse.*
- (6) *To be announced as soon as practicable after the Price Determination Date but before the publication of the allotment results announcement.*
- (7) *Neither the website of our Company or any of the information contained on the website of our Company forms part of this prospectus.*
- (8) *Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting — Underwriting Agreement and Expenses — Hong Kong Public Offering — Grounds for Termination” in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.*
- (9) *e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport*

EXPECTED TIMETABLE⁽¹⁾

number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.

- (10) Applicants who have applied on **WHITE** Application Forms or **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by the Application Form may collect any refund checks and/or Share certificates in person from our Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, July 15, 2019 or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund checks. Applicants being individuals who is eligible for personal collection may not authorize any other person to collect on their behalf. Applicants being corporations which is eligible for personal collection must attend through their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives of corporations must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares may collect their refund checks, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants' stock account as stated in their Application Forms. The procedures for collection of refund checks for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed "How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies — Personal Collection — (iv) If you apply via Electronic Application Instructions to HKSCC" in this prospectus for details.

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

Applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares — 13. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies" in this prospectus.

The above expected timetable is a summary only. You should refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by Zhongliang Holdings Group Company Limited 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, Sole Representative, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering.

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SUMMARY

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 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 headed “Risk Factors” of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a fast-growing large-scale comprehensive real estate developer in China, based in the Yangtze River Delta Economic Region with a national footprint. We have been recognized as a top 100 real estate developer in China by PRC Real Estate Top 10 Research Team for six consecutive years since 2014 in terms of comprehensive development capability. We were recognized as a top 25 and a top 20 real estate developer in China by China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Center in 2018 and 2019, respectively. We were also ranked first among the top ten real estate developers in China in terms of growth rate in 2018 and development potential in 2019, respectively, recognized by China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Center.

With approximately 19 years of experience in the real estate industry in China and led by our regional expansion strategy, we have developed from a regional residential real estate developer focusing on the Yangtze River Delta Economic Region to a comprehensive real estate developer with national footprint. As of March 31, 2019, our property projects were located in 124 cities in 23 provinces and municipalities across five core economic regions in China namely, the Yangtze River Delta Economic Region, the Midwest China Economic Region, the Pan-Bohai Economic Rim, the Western Taiwan Straits Economic Zone and the Pearl River Delta Economic Zone. As of the same date, we had a product portfolio of 353 projects, including 257 projects developed by our subsidiaries and 96 projects developed by our joint ventures and associates, at various development stages. As of March 31, 2019, the total land bank attributable to us amounted to approximately 38.9 million sq.m., including 34.0 million sq.m. for property projects developed by our subsidiaries and 4.9 million sq.m. for property projects developed by our joint ventures and associates which is adjusted by our equity interest in the respective project. Total land bank comprises, on the attributable basis, (i) the total GFA available for sale and total leasable GFA for completed properties, which also includes completed GFA that have been pre-sold but yet delivered, (ii) total planned GFA for properties under development, and (iii) total estimated GFA for properties held for future development.

We believe our well-established, comprehensive standardized operational modules and procedures are the key for our success in rapid replication and expansion. We implemented various standardized modules covering the entire value chain of property development, which ensure high operating efficiency while maintaining relatively low operating costs and expenses. Our standardized land acquisition modules provide detailed land acquisition criteria and disciplined procedural guidance, based on various factors and applicable for various product types in different locations. We adopt multiple land acquisition methods to expand our land bank. We

SUMMARY

also implement standardized operating modules in connection with our product design and development. We currently offer three main standardized series of residential properties, namely, the Shanti, the Glory and the Royal series (“香”系列、“御”系列及“國”系列), targeting first-time home purchasers, first-time home upgraders and second-time home upgraders, respectively. Under each standardized residential property series, we further fine-tune the products into two or three separate product lines. First-time home purchasers usually refer to those who are buying their residential properties for the first time. Such purchasers are more concerned about, among others, the property’s functionality, space efficient floor plans and purchase price. To cater to these purchasers, we develop the property products, mainly the Shanti series, which are featured with well designed living spaces, basic community facilities and other amenities, as well as affordable price. First-time home upgraders usually refer to those who are already home owners and expect to improve existing living environment. These purchasers are concerned about various aspects of the new home, especially the upgraded and comprehensive living spaces and utilities, community landscape, community reputation and ancillary facilities. To cater to these purchasers, we develop the property products, mainly the Glory series, which are featured with multi-functional interior utilities, elegant building facade designs, and comfortable and secured community facilities. Second-time home upgraders usually refer to those who have multiple home purchases in the past. Such purchasers are looking not only for functionality, but also to use their homes to interact and socialize with others to enhance their overall living experience. To cater to these purchasers, we develop the property products, mainly the Royal series, which are featured with high quality construction materials and tasteful interior and exterior designs, large living spaces, grand and leisure community facilities that can accommodate various activities for different groups of residents. We have established a valuable product database with over 70 sets of standardized product design models. We formulate and implement standardized marketing modules which are embedded with multiple standardized key performance indicators to evaluate and improve effectiveness of our marketing efforts.

We established and implemented our Zhongliang Amoeba Management Ecosystem, or Amoeba Ecosystem, in 2015 which imitates the widely-known Amoeba management system created by Mr. Kazuo Inamori, the founder of Kyocera. Under our Amoeba Ecosystem, a large business group is divided into a number of small business units, so-called “Amoebas” or “Amoeba units,” each of which enjoys sufficient autonomy during the operation and follows a result-oriented evaluation and incentive approach, thus encouraging each employee to be actively involved in the management and to share responsibilities and benefits. Such character enables quick horizontal replication and expansion which works well with the real estate development business due to its highly replicable nature. Taking advantage of our Amoeba Ecosystem, we have achieved significant growth and the number of our onshore subsidiaries had increased from 223 as of December 31, 2016 to 839 as of December 31, 2018 and the number of our employees increased from over 2,100 as of December 31, 2016 to over 12,500 as of December 31, 2018.

We experienced a significant growth during the Track Record Period. The aggregate contracted sales of our Group, taking into account the entire contracted sales by our joint ventures and associates, were approximately RMB19.0 billion, RMB64.9 billion, RMB101.5 billion and RMB37.7 billion, respectively, for the years ended December 31, 2016, 2017 and 2018 and the four months ended April 30, 2019. Our aggregate contracted sales, including the contracted sales by our joint ventures and associates attributable to us, were approximately RMB16.5 billion, RMB56.1 billion, RMB84.1 billion and RMB30.0 billion for the years ended December 31, 2016, 2017 and 2018 and the four months ended April 30, 2019, respectively. We define contracted sales as the total contractual value of properties that are contracted for pre-sale and sale in a given period, which is not

SUMMARY

equivalent to the revenue in the relevant period and shall not be deemed as an indication for the revenue to be recognized in any future period.

The following table sets forth the movement of our aggregate contracted sales, including the contracted sales by our joint ventures and associates attributable to us, during the Track Record Period and up to April 30, 2019.

| | Year Ended December 31, | | | Four Months Ended April 30, 2019 |
|---|----------------------------|----------|----------|---|
| | 2016 | 2017 | 2018 | |
| | (In RMB millions) | | | |
| Opening aggregate contracted sales that had not been delivered | 9,542 | 24,261 | 68,695 | 119,569 |
| Add: new contracted sales during the year/period | 16,479 | 56,083 | 84,146 | 29,978 |
| Less: pre-sales and sales delivered during the year/period ⁽¹⁾ | (1,760) | (11,649) | (33,272) | (7,910) |
| Ending aggregate contracted sales that had not been delivered | 24,261 | 68,695 | 119,569 | 141,637 |

Note:

- (1) Refer to the aggregate contractual value corresponding to the properties that were physically delivered in the year/period. Contracted sales are not equivalent to the recognized revenue in the same year/period which has been taking into account the tax impact and the impact of the accounting treatment of revenue recognition, particularly the impact of revenue that were recognized over the year/period of the contracts prior to the physical delivery of the properties. Please refer to “Financial Information — Critical Accounting Policies and Estimates — Revenue Recognition” for details.

Our revenue increased at a CAGR of 221.4% from RMB2,925.4 million in 2016 to RMB30,214.7 million in 2018. We recorded a net loss of RMB269.8 million in 2016 and recorded a net profit of RMB498.6 million in 2017 and RMB2,526.3 million in 2018, respectively. For a more detailed discussion of the improvement in our revenue and net profit during the Track Record Period, see “Financial Information — Period to Period Comparison of Results of Operations.”

Our Business Model

During the Track Record Period, our business operations consist of four business lines: (i) sales of properties, (ii) management consulting services, (iii) property management services, and (iv) property lease. Substantially all of our revenue recognized in the Track Record Period was derived from sales of properties.

We adopt a rapid-asset-turnover development model and utilize standardized real estate development modules and procedures. During the Track Record Period, we achieved substantial growth through (i) national expansion, from the Yangtze River Delta Economic Region to the Midwest China Economic Region, the Pan-Bohai Economic Rim, the Western Taiwan Straits Economic Zone and the Pearl River Delta Economic Zone, (ii) regional penetration, from the second-tier cities to the third- and fourth-tier cities in the same region, and (iii) rotation amongst different city-tiers to take advantage of market cycles and capture market opportunities, as well as to mitigate policy risks as a result of the changes in the government policies. We implement multi-folded land acquisition methods to expand our land reserves, please refer to “Business — Our Strengths — Quality Land

SUMMARY

Bank Secured by Efficient Expansion Strategy and Strong Land Acquisition Capabilities” for more details. Moreover, the real estate development industry is capital intensive. We have employed diversified financing channels to finance our operations at various stages of property development, primarily through internally generated cash flows including proceeds from the pre-sale/sale of our properties, as well as external financings, such as borrowings from commercial banks, trust loans, asset management arrangements, other borrowings from third parties (other than banks and financial institutions), capital contribution from non-controlling shareholders, advances from companies controlled by our ultimate controlling shareholders, as well as advances from the non-controlling shareholders of our subsidiaries. In particular, we had initially relied on advances from companies controlled by our ultimate controlling shareholders to fund the land acquisition of our Group. We will cease to rely on such source of financing from our ultimate controlling shareholders after Listing. For more details about different financing methods we adopt at different stages during the development of an individual project, please refer to “Business — Our Project Operation and Management — Project Financing.”

With respect to property development and sales, we strive to develop quality residential properties, targeting first-time home purchasers, first-time home upgraders and second-time home upgraders. We have established standardized real estate development processes, covering the entire value chain of property development from land acquisition, general operations, to product design and development as well as sales and marketing. We outsource the construction work of our property development projects to qualified general contractors. Due to the highly competitive and evolving nature of the real estate industry in China, we constantly monitor the changing market conditions and adjust the selling prices of our projects as appropriate.

Since October 2016, we commenced to provide management consulting services to certain of our related parties and third parties, which mainly represented the provision of support services to these entities in connection with construction, sales and marketing, and management during the development of property projects.

Historically, we were also involved in certain ancillary businesses including property management services mainly to the demonstration areas and decorated model homes of property projects developed by us and our related parties. Ancillary businesses require different expertise, skills and resources from our property development business. As such, these ancillary businesses had been excluded from our Group upon the Reorganization since April 2018. Please see sections headed “Our History, Reorganization and Corporate Structure” and “Connection Transactions” for further details.

In addition, we have recently engaged in the development and operation of commercial properties. Currently, our commercial properties primarily consist of retail spaces adjacent to our residential properties and shopping malls. We currently have ten projects with investment properties under various development stages with an aggregate GFA of approximately 93.4 thousand sq.m. We started to recognize property lease income in the second half of 2018 which was derived from two of our completed investment properties.

Our Land Bank

Our land bank represents the sum of (i) total GFA available for sale or lease by us for completed properties, which also includes completed GFA that have been pre-sold but yet delivered, (ii) total planned GFA for

SUMMARY

properties under development, and (iii) total estimated GFA for properties held for future development. The total land bank attributable to us represents the total land bank of projects developed by our subsidiaries and the land bank of projects developed by our joint ventures and associates attributable to us.

As of December 31, 2016, 2017 and 2018, the total land bank attributable to us was approximately 7.7 million sq.m., 19.0 million sq.m. and 36.4 million sq.m., respectively. Our total land bank attributable to us increased to approximately 38.9 million sq.m. as of March 31, 2019.

The following table sets forth the movement of the total land bank attributable to us for the periods indicated .

| | Year Ended December 31, | | | Three Months Ended |
|---|-------------------------|--------------------|--------------------|--------------------|
| | 2016 | 2017 | 2018 | March 31, 2019 |
| | (in sq.m.) | | | |
| At the beginning of the year/period ⁽¹⁾ | 1,619,501 | 7,661,587 | 19,027,492 | 36,443,706 |
| Add: land bank attributable to us newly obtained during the year/period ⁽²⁾ | 6,225,110 | 12,428,564 | 20,373,359 | 2,897,909 |
| Less: completed GFA delivered during the year/ period ⁽²⁾ | <u>(183,024)</u> | <u>(1,062,659)</u> | <u>(2,957,145)</u> | <u>(480,622)</u> |
| At the end of the year/period | <u>7,661,587</u> | <u>19,027,492</u> | <u>36,443,706</u> | <u>38,860,993</u> |

Notes:

- (1) GFA at the beginning of each year/period was calculated by adding back the completed GFA delivered and deducting the land bank newly obtained during the relevant year/period, each as attributable to us, but without taking into account the differences arising from the changes in our equity interest in the respective joint ventures or associates during the same year/period, or the changes in the GFA as a result of changes in the relevant permits or certificates obtained during different stages of project development on which we rely for calculation of GFA, the impacts of which we believe are immaterial.

- (2) For projects held by our joint ventures or associates, GFA was adjusted by our equity interest in the respective project at the end of the relevant year/period.

Subsequently in the one month ended April 30, 2019, newly obtained land bank attributable to us amounted to 1,550,884 sq.m. and completed GFA delivered amounted to 464,177 sq.m. As such, the total land bank attributable to us as of April 30, 2019 was 39,947,700 sq.m.

SUMMARY

The following table sets forth the breakdown of the total land bank attributable to us of our property portfolio as of March 31, 2019 in terms of geographic location:

| | Number of Projects | Completed GFA | Planned GFA Under Development | Estimated GFA of Future Development | Total Land Bank Attributable to Us ⁽²⁾⁽³⁾ | % of Total Land Bank Attributable to Us |
|--|--------------------|--|-------------------------------|-------------------------------------|--|---|
| | | Available for Sale/Leasable GFA ⁽¹⁾ | | | | |
| | | (in sq.m.) | (in sq.m.) | (in sq.m.) | (in sq.m.) | |
| Property Projects Developed by Our Subsidiaries | | | | | | |
| <i>Yangtze River Delta Economic Region</i> | | | | | | |
| Zhejiang Province | 70 | 878,238 | 5,533,540 | 252,696 | 6,664,474 | 17.1% |
| Jiangsu Province | 33 | 98,693 | 4,188,103 | 843,756 | 5,130,552 | 13.2% |
| Anhui Province | 19 | 25,726 | 2,464,956 | 466,400 | 2,957,082 | 7.6% |
| Sub-total | 122 | 1,002,657 | 12,186,599 | 1,562,852 | 14,752,108 | 37.9% |
| <i>Midwest China Economic Region</i> | | | | | | |
| Henan Province | 17 | — | 2,131,648 | 590,141 | 2,721,789 | 7.0% |
| Hunan Province | 10 | — | 1,244,650 | 425,811 | 1,670,461 | 4.3% |
| Yunnan Province | 9 | — | 1,479,685 | 35,869 | 1,515,554 | 3.9% |
| Hubei Province | 7 | — | 752,734 | 484,108 | 1,236,842 | 3.2% |
| Sichuan Province | 8 | — | 755,000 | 294,742 | 1,049,742 | 2.7% |
| Guangxi Zhuang Autonomous Region | 6 | — | 661,071 | 117,991 | 779,062 | 2.0% |
| Shaanxi Province | 5 | — | 523,408 | 231,233 | 754,641 | 1.9% |
| Inner Mongolia Autonomous Region | 3 | — | 397,143 | 266,702 | 663,845 | 1.7% |
| Gansu Province | 2 | — | 197,538 | — | 197,538 | 0.5% |
| Shanxi Province | 1 | — | 181,995 | — | 181,995 | 0.5% |
| Ningxia Hui Autonomous Region | 1 | — | 166,732 | — | 166,732 | 0.4% |
| Chongqing | 1 | — | 113,761 | — | 113,761 | 0.3% |
| Guizhou Province | 1 | — | 61,473 | — | 61,473 | 0.2% |
| Sub-total | 71 | — | 8,666,838 | 2,446,597 | 11,113,435 | 28.6% |
| <i>Pan-Bohai Economic Rim</i> | | | | | | |
| Shandong Province | 16 | — | 1,674,635 | 303,538 | 1,978,173 | 5.1% |
| Hebei Province | 2 | — | 173,306 | 203,841 | 377,147 | 1.0% |
| Tianjin | 2 | — | — | 260,798 | 260,798 | 0.7% |
| Liaoning Province | 2 | — | 38,443 | 123,148 | 161,591 | 0.4% |
| Sub-total | 22 | — | 1,886,384 | 891,325 | 2,777,709 | 7.2% |

SUMMARY

| | Number of Projects | Completed GFA | | | Total Land Bank Attributable to Us ⁽²⁾⁽³⁾ (in sq.m.) | % of Total Land Bank Attributable to Us |
|---|-----------------------|--|---|---|--|--|
| | | Available for Sale/Leasable GFA ⁽¹⁾ (in sq.m.) | Planned GFA Under Development (in sq.m.) | Estimated GFA of Future Development (in sq.m.) | | |
| | | | | | | |
| <i>Western Taiwan Straits Economic Zone</i> | | | | | | |
| Jiangxi Province | 27 | 64,851 | 2,939,279 | 133,536 | 3,137,666 | 8.1% |
| Fujian Province | 7 | 103,120 | 794,163 | 263,590 | 1,160,873 | 3.0% |
| Sub-total | 34 | 167,971 | 3,733,442 | 397,126 | 4,298,539 | 11.1% |
| <i>Pearl River Delta Economic Zone</i> | | | | | | |
| Guangdong Province | 8 | — | 1,077,523 | — | 1,077,523 | 2.8% |
| Sub-total | 8 | — | 1,077,523 | — | 1,077,523 | 2.8% |
| Total | 257 | 1,170,628 | 27,550,786 | 5,297,900 | 34,019,314 | 87.6% |
| Property Projects Developed by Our Joint Ventures and Associates | | | | | | |
| <i>Yangtze River Delta Economic Region</i> | | | | | | |
| Zhejiang Province | 49 | 158,621 | 1,361,322 | 19,525 | 1,539,468 | 4.0% |
| Jiangsu Province | 14 | 25,382 | 630,398 | 441,148 | 1,096,928 | 2.8% |
| Anhui Province | 5 | — | 179,441 | 77,300 | 256,741 | 0.7% |
| Sub-total | 68 | 184,003 | 2,171,161 | 537,973 | 2,893,137 | 7.5% |
| <i>Midwest China Economic Region</i> | | | | | | |
| Chongqing | 4 | — | 346,807 | 1,377 | 348,184 | 0.9% |
| Yunnan Province | 2 | — | 83,421 | 125,339 | 208,760 | 0.5% |
| Hunan Province | 3 | — | 143,775 | 7,671 | 151,446 | 0.4% |
| Hubei Province | 2 | — | 2,298 | 141,328 | 143,626 | 0.4% |
| Henan Province | 1 | — | 49,018 | — | 49,018 | 0.1% |
| Sub-total | 12 | — | 625,319 | 275,715 | 901,034 | 2.3% |
| <i>Pan-Bohai Economic Rim</i> | | | | | | |
| Shandong Province | 4 | — | 127,827 | — | 127,827 | 0.3% |
| Liaoning Province | 1 | — | — | 17,492 | 17,492 | 0.0% |
| Sub-total | 5 | — | 127,827 | 17,492 | 145,319 | 0.3% |
| <i>Western Taiwan Straits Economic Zone</i> | | | | | | |
| Jiangxi Province | 3 | — | 307,202 | 203,800 | 511,002 | 1.3% |
| Fujian Province | 7 | — | 340,205 | 2,395 | 342,600 | 0.9% |
| Sub-total | 10 | — | 647,407 | 206,195 | 853,602 | 2.2% |

SUMMARY

| | Number of Projects | Completed GFA | | | Estimated GFA of Future Development (in sq.m.) | Total Land Bank Attributable to Us ⁽²⁾⁽³⁾ (in sq.m.) | % of Total Land Bank Attributable to Us |
|---|-----------------------|--|-------------------------------------|------------------|---|--|--|
| | | Available for Sale/Leasable GFA ⁽¹⁾ | Planned GFA Under Development | | | | |
| | | (in sq.m.) | (in sq.m.) | | | | |
| <i>Pearl River Delta Economic Zone</i> | | | | | | | |
| Guangdong Province | 1 | — | 48,587 | — | 48,587 | 0.1% | |
| Sub-total | 1 | — | 48,587 | — | 48,587 | 0.1% | |
| Attributable — Total | 96 | 184,003 | 3,620,301 | 1,037,375 | 4,841,679 | 12.4% | |
| Land Bank Attributable to Us | 353 | 1,354,631 | 31,171,087 | 6,335,275 | 38,860,993 | 100.0% | |

Notes:

- (1) Includes saleable GFA remaining unsold and leasable GFA.
- (2) Total land bank equals to the sum of (i) total GFA available for sale and total leasable GFA for completed properties, which also includes completed GFA that have been pre-sold but yet delivered, (ii) total planned GFA for properties under development, and (iii) total estimated GFA for properties held for future development.
- (3) For projects held by our joint ventures or our associates, total GFA will be adjusted by our equity interest in the respective project.

The following table sets forth the breakdown of the total land bank attributable to us of our property portfolio as of March 31, 2019 in terms of types of properties:

| | Completed GFA | | | Estimated GFA for Future Development (in sq.m.) | Total Land Bank Attributable to Us ⁽²⁾⁽³⁾ (in sq.m.) | % of Total Land Bank Attributable to Us |
|---|--|-------------------------------------|------------------|---|--|--|
| | Available for Sale/Leasable GFA ⁽¹⁾ | Planned GFA Under Development | | | | |
| | (in sq.m.) | (in sq.m.) | | | | |
| Property Projects Developed by Our Subsidiaries | | | | | | |
| Residential | 992,288 | 19,994,786 | 3,574,973 | 24,562,047 | 63.2% | |
| Commercial | 67,590 | 871,779 | 264,695 | 1,204,064 | 3.1% | |
| Ancillary areas | 11,031 | 2,275,498 | 519,399 | 2,805,928 | 7.3% | |
| Carparks | 99,719 | 4,408,723 | 938,833 | 5,447,275 | 14.0% | |
| Total | 1,170,628 | 27,550,786 | 5,297,900 | 34,019,314 | 87.6% | |
| Property Projects Developed by Our Joint Ventures and Associates | | | | | | |
| Residential | 155,971 | 2,627,408 | 700,011 | 3,483,390 | 9.0% | |
| Commercial | 10,624 | 114,556 | 51,830 | 177,010 | 0.4% | |
| Ancillary areas | 1,734 | 299,010 | 101,702 | 402,446 | 1.0% | |
| Carparks | 15,674 | 579,327 | 183,832 | 778,833 | 2.0% | |
| Attributable — Total | 184,003 | 3,620,301 | 1,037,375 | 4,841,679 | 12.4% | |
| Land Bank Attributable to us | 1,354,631 | 31,171,087 | 6,335,275 | 38,860,993 | 100.0% | |

SUMMARY

Notes:

- (1) Includes saleable GFA remaining unsold and leasable GFA.
- (2) Total land bank equals to the sum of (i) total GFA available for sale and total leasable GFA for completed properties, which also includes completed GFA that have been pre-sold but yet delivered, (ii) total planned GFA for properties under development and (iii) total estimated GFA for properties held for future development.
- (3) For projects held by our joint ventures or our associates, total GFA will be adjusted by our equity interest in the respective project.

The following table sets forth certain estimated movements of the total land bank attributable to us that were under development and held for future development as of March 31, 2019 in the upcoming years. The estimates are based on our current estimates of the timing of obtaining the pre-sale permits and completion certificates for relevant projects, as the case may be, which are subject to our business plans and market conditions and may be subject to adjustment. Such estimated movements shall not be necessarily indicative of our future operational or financial performance.

| | <u>Planned GFA under Development</u> | | <u>Estimated GFA of Future Development</u> | | |
|---|--|---|---|--|--|
| | <u>GFA newly available for pre-sales</u> | <u>GFA newly completed held for sale/ lease⁽¹⁾</u> | <u>GFA newly under construction</u> | <u>GFA newly available for pre-sales</u> | <u>GFA newly completed held for sale/lease⁽¹⁾</u> |
| | (in sq.m.) | | | | |
| For the year ending December 31, 2019 | 1,718,834 | 9,079,145 | 6,335,275 | 6,335,275 | — |
| For the year ending December 31, 2020 | — | 10,487,963 | — | — | 369,929 |
| For the year ending December 31, 2021 | — | 5,370,940 | — | — | 4,328,992 |
| For the year ending December 31, 2022 and beyond | — | 266,659 | — | — | 423,736 |
| Total | <u>1,718,834⁽²⁾</u> | <u>25,204,707⁽³⁾</u> | <u>6,335,275</u> | <u>6,335,275</u> | <u>5,122,657⁽⁴⁾</u> |

Notes:

- (1) The proportion of the saleable to non-saleable GFA upon completion in future periods is estimated by reference to the proportion of saleable to non-saleable GFA of total GFA under development as of March 31, 2019.
- (2) As of March 31, 2019, we had a total of 31,171,087 sq.m. of the planned GFA under development attributable to us, which consists of (i) 29,452,253 sq.m. (including 5,658,016 sq.m. non-saleable GFA) which had obtained pre-sale permits as of March 31, 2019, and (ii) 1,718,834 sq.m. (including 308,364 sq.m. non-saleable GFA) which we expect to be newly available for pre-sale in the year ending December 31, 2019.
- (3) The total non-saleable GFA newly completed is estimated to be 5,966,380 sq.m.
- (4) The total non-saleable GFA newly completed is estimated to be 1,212,618 sq.m.

As of March 31, 2019, 12,193,240 sq.m. of the planned GFA under development by our subsidiaries was pre-sold, see “Business — Our Property Projects” for more details.

SUMMARY

Our Suppliers and Customers

Our major suppliers are construction material suppliers and construction contractors. During the Track Record Period, we engaged a large number of major suppliers to operate our businesses. Some of our general contractors and subcontractors are local level operating entities owned or controlled by group companies in China. Although we transacted with such local level 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, purchases from our five largest suppliers accounted for approximately 32.5%, 29.7% and 19.1% of our total purchases for the years ended December 31, 2016, 2017 and 2018, respectively. Purchases from our single largest supplier for the years ended December 31, 2016, 2017 and 2018 accounted for approximately 9.6%, 7.4% and 6.8% of our total purchases, respectively. As of the Latest Practicable Date, our business relationships with these major suppliers had generally been over two years.

Our customers are mainly individual and corporate purchasers of our residential or commercial properties. Due to the nature of our business, during the Track Record Period, revenue contributed by our five largest customers accounted for less than 4.0% of our total revenue in each of the years ended December 31, 2016, 2017 and 2018, respectively. No single largest customer contributed for over 1.5% of our total revenue in each of the years ended December 31, 2016, 2017 and 2018. Except for one customer of our management consulting services in 2017 which was a joint venture of us and one customer of our management consulting and property management services in 2016 and 2017 which was a subsidiary of Zhejiang Tianjian, all the remaining five largest customers during the Track Record Period were independent third parties from us.

None of our Directors, their 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, has any interest in any of our five largest suppliers or five largest customers during the Track Record Period.

OUR STRENGTHS AND STRATEGIES

We believe our significant growth during the Track Record Period is mainly attributable to the following competitive strengths:

- A fast-growing large-scale comprehensive real estate developer with national footprint and an established brand name in China;
- Quality land bank secured by efficient expansion strategy and strong land acquisition capabilities;
- Established standardized real estate development processes ensuring rapid and quality development;
- Remarkable growth largely attributable to our distinctive Amoeba Ecosystem; and
- Visionary and experienced management team.

SUMMARY

We strive to become one of the leading comprehensive real estate developers in the PRC. To achieve our goal, we intend to implement the following strategies:

- Leverage favorable government policies and enhance leadership in existing markets and strategically expand into new regions with high-growth potentials;
- Identify new growth opportunities by utilizing diversified investment strategies;
- Continue to optimize our product portfolio and enhance product quality;
- Continue to enhance operating efficiency by increasing standardization and intelligent management and operation;
- Continue to attract, retain and motivate skilled and talented employees; and
- Remain dedicated to prudent financial policies and optimize our capital structure.

See “Business — Our Strengths” and “Business — Our Strategies” for more details.

CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain agreements with associates of Mr. Yang, being Shanghai Zhongliang Property and each entity being a subsidiary or associate of Shanghai Zhongliang Property. The agreements include (i) sales management services framework agreement and (ii) pre-delivery property management services framework agreement. The transactions contemplated under these agreements will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted to us, waivers under Rule 14A.35 of the Listing Rules from strict compliance with the announcement requirements. Please see the section headed “Connected Transactions” for further details.

RISK FACTORS

There are risks and uncertainties involved in our operations and in connection with the Global Offering, many of which are beyond our control. These risks can be categorized into (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. A detailed discussion of all risk factors involved are set forth in the section headed “Risk Factors” on page 37 in this prospectus and you should read the whole section carefully before you decide to invest in the Offer Shares. The entire prospectus should be read carefully and we strongly caution you not to place any reliance on any information contained in press articles or disseminated through other media relating to us and/or the Global Offering, some of which may not be consistent with the information contained in this prospectus.

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Some of the major risks we face include:

- Our business and prospects are heavily dependent on and may be adversely affected by the performance of the PRC property markets, particularly in the Yangtze River Delta Economic Region;
- We may not be able to acquire land reserves in desirable locations that are suitable for our development at commercially acceptable prices, or at all;
- We may not have adequate financings to fund our property developments, and such capital resources may not be available on commercially reasonable terms, or at all;
- Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations;
- We may not be able to effectively maintain and manage our Amoeba Ecosystem, which has been a key to our rapid growth during the Track Record Period;
- We may not be successful in managing our growth and expansion into new cities and regions or new businesses;
- We recorded a net loss for the year ended December 31, 2016 and we may experience net loss in future periods;
- We had negative operating cash flow in the years ended December 31, 2016 and 2017 and we may not be able to obtain sufficient funding for our land acquisitions and future property developments on commercially reasonable terms, or at all; and
- We have substantial indebtedness and may incur additional indebtedness in the future, which may materially and adversely affect our financial condition and results of operations.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The below summary consolidated financial information 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

Summary Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth the consolidated statements of profit or loss and other comprehensive income of our Group with major line items in absolute amounts and as percentages of total revenue for the periods indicated:

| | Year Ended December 31, | | | | | |
|---|--|--------------|-------------------|--------------|-------------------|--------------|
| | 2016 | | 2017 | | 2018 | |
| | RMB | % | RMB | % | RMB | % |
| | (In thousands, except for percentages) | | | | | |
| Revenue | 2,925,411 | 100.0 | 14,026,299 | 100.0 | 30,214,688 | 100.0 |
| Cost of sales | (2,308,844) | (78.9) | (11,166,324) | (79.6) | (23,303,847) | (77.1) |
| Gross profit | 616,567 | 21.1 | 2,859,975 | 20.4 | 6,910,841 | 22.9 |
| Fair value gains on investment properties | 8,725 | 0.3 | 261,898 | 1.8 | 71,971 | 0.2 |
| Finance costs | (269,018) | (9.2) | (356,320) | (2.5) | (433,466) | (1.4) |
| (Loss)/profit before tax | (273,955) | (9.4) | 1,267,885 | 9.0 | 4,438,476 | 14.7 |
| Income tax credit/(expense) | 4,186 | 0.1 | (769,311) | (5.4) | (1,912,189) | (6.3) |
| (Loss)/profit for the year | (269,769) | (9.3) | 498,574 | 3.6 | 2,526,287 | 8.4 |
| Attributable to: | | | | | | |
| Owners of the parent | (168,627) | (5.8) | 502,667 | 3.6 | 1,931,336 | 6.4 |

We maintained a modest growth since our inception until our acceleration of the property development in the Track Record Period. We obtained a limited number of land parcels prior to the Track Record Period and the recognized GFA in those years was relatively low. Since 2015, we accelerated the property development and marketing activities. We acquired 63, 119 and 221 land parcels in 2016, 2017 and 2018, respectively. Over the same periods, we completed 2, 9 and 40 projects in 2016, 2017 and 2018, respectively. Please refer to “Our History, Reorganization and Corporate Structure” for a detailed discussion of our historical business development and business milestones.

We recorded a net loss of RMB269.8 million in 2016, which was primarily because we accelerated our property development and marketing activities and geographical expansion since 2015 and throughout 2016 and incurred significant administrative expenses and selling and distribution expenses, while the total recognized GFA was relatively low during such period. We commenced to recognize net profit since the second half of 2017 and our net profit increased to RMB2,526.3 million for the year ended December 31, 2018 with a net profit margin of 8.4%. Our recognized GFA increased significantly from 183,024 sq.m. in 2016 to 1,062,659 sq.m. in 2017 and further to 2,696,799 sq.m. in 2018.

Our cost of sales primarily represents the costs we incur directly for the property development activities as well as our management consulting services, property management services and property lease. The principal components of cost of sales for our property development include cost of properties sold, which represents land use right costs, direct construction costs and capitalized interest costs on related borrowings for the purpose of

SUMMARY

property development during the period of construction. Our cost of sales in absolute amount continued to increase during the Track Record Period, primarily due to the increase in cost of properties sold resulting from the increase in the number of property projects completed and delivered. The table below sets forth information relating to our cost of sales for each of our business lines and as percentage of total cost of sales for the periods indicated:

| | Year Ended December 31, | | | | | |
|--|--|--------------|-------------------|--------------|-------------------|--------------|
| | 2016 | | 2017 | | 2018 | |
| | RMB | % | RMB | % | RMB | % |
| | (In thousands, except for percentages) | | | | | |
| Cost of properties sold | | | | | | |
| Land use right costs | 1,296,350 | 56.1 | 5,628,091 | 50.4 | 12,421,881 | 53.3 |
| Construction costs | 855,581 | 37.1 | 4,491,274 | 40.2 | 9,402,562 | 40.4 |
| Capitalized interest | 146,941 | 6.4 | 996,345 | 8.9 | 1,381,790 | 5.9 |
| | 2,298,872 | 99.6 | 11,115,710 | 99.5 | 23,206,233 | 99.6 |
| Cost of management consulting services | 9,972 | 0.4 | 47,402 | 0.5 | 93,102 | 0.4 |
| Cost of property management services | — | — | 3,212 | 0.0 | 2,844 | 0.0 |
| Cost of property lease | — | — | — | — | 1,668 | 0.0 |
| Total | 2,308,844 | 100.0 | 11,166,324 | 100.0 | 23,303,847 | 100.0 |

The table below sets forth information relating to the gross profit and gross profit margin of each of our business lines for the periods indicated:

| | Year Ended December 31, | | | | | |
|--------------------------------|-------------------------|-------------|--------------------|-------------|--------------------|-------------|
| | 2016 | | 2017 | | 2018 | |
| | Gross Profit | | Gross Profit | | Gross Profit | |
| | Margin | | Margin | | Margin | |
| | (In RMB thousands) | % | (In RMB thousands) | % | (In RMB thousands) | % |
| Sales of properties | 604,948 | 20.8 | 2,797,469 | 20.1 | 6,785,859 | 22.6 |
| Management consulting services | 11,619 | 53.8 | 58,528 | 55.3 | 118,743 | 56.1 |
| Property management services | — | — | 3,978 | 55.3 | 3,477 | 55.0 |
| Property lease | — | — | — | — | 2,762 | 62.4 |
| Total | 616,567 | 21.1 | 2,859,975 | 20.4 | 6,910,841 | 22.9 |

Our gross profit margins for sales of properties remained relatively stable at 20.8% and 20.1% in 2016 and 2017, respectively. The increase in gross profit margin for sales of properties from 20.1% in 2017 to 22.6% in 2018 was mainly because the decrease in average cost per sq.m. recognized outpaced the decrease in recognized ASP per sq.m. in the relevant period. During the Track Record Period, the overall recognized ASP per sq.m. of our property projects generally decreased from RMB15,866 in 2016 to RMB13,093 in 2017 and further to

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RMB11,121 in 2018. The decreases in the overall recognized ASP per sq.m. were primarily attributable to our continuous geographical penetration into (i) the suburban area of Wenzhou and into other cities of Yangtze River Delta Economic Region such as Yueqing, Lishui and Wuhu, which generally have a lower recognized ASP per sq.m. as compared to Wenzhou and (ii) other economic regions where the recognized ASP per sq.m. was generally lower than that in the Yangtze River Delta Economic Region. Similarly, due to this geographical expansion by penetrating into more lower-tiered cities in Yangtze River Delta Region and other economic regions over the same periods, our average cost per sq.m. recognized decreased from RMB12,560 in 2016 to RMB10,460 in 2017 and further to RMB8,605 in 2018 and the average land use right cost per sq.m. decreased from RMB7,083 in 2016 to RMB5,296 in 2017 and further to RMB4,606 in 2018, respectively.

Our gross profit margin for management consulting services gradually improved from 53.8% in 2016 to 56.1% in 2018 as a result of the increasing economies of scale.

Our gross profit margin for property management services remained generally stable at around 55.0% during the Track Record Period.

We started to generate revenue from the lease of our investment properties in the second half of 2018 and the gross profit margin for property lease was approximately 62.4% for the year ended December 31, 2018.

Summary 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, | | |
|---|--------------------|------------|-------------|
| | 2016 | 2017 | 2018 |
| | (In RMB thousands) | | |
| Total non-current assets | 846,134 | 2,721,979 | 7,680,424 |
| Total current assets | 45,478,960 | 96,488,433 | 160,394,192 |
| Total current liabilities | 35,135,426 | 79,681,474 | 148,448,957 |
| Net current assets | 10,343,534 | 16,806,959 | 11,945,235 |
| Total non-current liabilities | 10,534,680 | 17,175,187 | 12,871,427 |
| Total equity | 654,988 | 2,353,751 | 6,754,232 |
| Equity attributable to owners of the parent | (267,754) | 234,717 | 2,578,676 |

SUMMARY

Summary Consolidated Statements of Cash Flows

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

| | Year Ended December 31, | | |
|--|-------------------------|-------------|--------------|
| | 2016 | 2017 | 2018 |
| | (In RMB thousands) | | |
| Operating cash flows before movements in working capital | (155,933) | 1,349,003 | 3,940,354 |
| Net cash flows (used in)/generated from operating activities | (17,628,202) | (6,837,787) | 8,036,946 |
| Net cash flows generated from/(used in) investing activities | 1,337,957 | 1,948,578 | (11,506,643) |
| Net cash flows generated from financing activities | 19,019,065 | 10,789,761 | 7,273,193 |
| Net increase in cash and cash equivalents | 2,728,820 | 5,900,552 | 3,803,496 |
| Cash and cash equivalents at the beginning of the year | 2,118,650 | 4,847,470 | 10,748,022 |
| Cash and cash equivalents at the end of the year | 4,847,470 | 10,748,022 | 14,551,518 |

We had negative cash flow from operating activities in the years ended December 31, 2016 and 2017, primarily as a result of significant net cash used in our operations due to the continued increase in property development activities and strengthened land acquisition efforts.

During the Track Record Period, we mainly relied on internal resources generated from our operations, including proceeds from the pre-sales and sales of our properties, as well as external financings, such as borrowings from commercial banks, trust loans, asset management arrangements, other borrowings from third parties (other than banks and financial institutions), and capital contribution from non-controlling shareholders. To achieve sufficient working capital, we will continue to improve our cash inflow associated with our sales by strengthening marketing efforts and further enhancing the payment collection from customers. As of December 31, 2016, 2017 and 2018, our total outstanding borrowings amounted to RMB20,226.6 million, RMB24,476.3 million and RMB27,004.9 million, respectively. Similar to many other real estate developers in the PRC, we also enter into financing arrangements with trust companies, asset management companies and their financing vehicles in the ordinary course of business to finance our property development and other related operations. 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.

Taking into account our current project development and sales schedules, our expected cash generated from operating activities, the estimated net proceeds from the Global Offering (after a possible Downward Offer Price Adjustment setting at the final Offer Price of up to 10% below HK\$5.20, the low end of the indicated Offer Price range), our credit facilities maintained with banks, and additional financial resources available to us, together with our expected cash outflow in the near future, which was mainly driven by the increase in the number of our existing property development projects entering into development stage and the unpaid land premiums, our Directors are of the opinion that we will have sufficient working capital for our present requirements, that is for at least the 12 months following the date of this prospectus.

SUMMARY

Impact of Early Adoption of IFRS 15

It is mandatory to apply IFRS 15, which replaced IAS 18, for the period beginning on or after January 1, 2018. Early application is also permitted. We had adopted IFRS 15 on a consistent basis throughout the Track Record Period. There is no direct comparison between our financial position or performance by adopting IFRS 15 and IAS 18. The adoption of IFRS 15 had a significant impact on our financial performance for the years ended December 31, 2016 and 2017 and our financial position as of December 31, 2016 and 2017. See “Financial Information — Critical Accounting Policies and Estimates — Early Adoption of IFRS 9 and IFRS 15” for more details about the impact of the adoption of IFRS 15 on our financial position and performance.

Key Financial Ratios

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

| | Year Ended/As of December 31, | | |
|--|-------------------------------|-------|-------|
| | 2016 | 2017 | 2018 |
| Gross profit margin (%) ⁽¹⁾ | 21.1 | 20.4 | 22.9 |
| Net gearing ratio (%) ⁽²⁾ | 1,790.2 | 339.5 | 58.1 |
| Interest coverage ratio (%) ⁽³⁾ | 83.9 | 147.0 | 246.6 |
| Current ratio (times) ⁽⁴⁾ | 1.3 | 1.2 | 1.1 |
| Return on equity (%) ⁽⁵⁾ | N/A ⁽⁶⁾ | 21.2 | 37.4 |

Notes:

- (1) Gross profit for the year divided by revenue of the year and multiplied by 100.
- (2) Total borrowings less cash and bank balances divided by total equity at the end of the year and multiplied by 100.
- (3) Profit for the year before income tax expenses, adding interest expenses, divided by interest expenses, multiplied by 100; interest expenses refer to the finance costs on our consolidated financial statements for the respective year with capitalized interest added back.
- (4) Total current assets at the end of the year divided by total current liabilities at the end of the year.
- (5) Net profit of the year divided by total equity at the end of the year and multiplied by 100.
- (6) We recorded a net loss for the relevant year.

PRE-IPO INVESTMENT

We have a pre-IPO investor, Mr. Lei, who has invested in our Company through his holding company, Abundant Talent, since August 2018. Immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised), Mr. Lei (through Abundant Talent) will be interested in 29,297,011 Shares, representing approximately 0.83% of the issued share capital of our Company. Apart from the pre-IPO investment in our Company, Mr. Lei and Abundant Talent neither have any

SUMMARY

other relationship with our Group or any connected person (as defined under the Listing Rules), nor have any key business relationship with the Controlling Shareholders. Please see “Our History, Reorganization and Corporate Structure — Pre-IPO Investment” for further details.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised), Mr. Yang and Ms. Xu, through their holding companies Liangzhong, Liangyi and Liangtai, will hold and be entitled to exercise in general meetings voting rights representing approximately 84.16% of the issued share capital of our Company. Accordingly, Mr. Yang, Ms. Xu, Liangzhong, Liangyi and Liangtai form a group of Controlling Shareholders under the Listing Rules. Please see the section headed “Relationship with Controlling Shareholders” for further details.

GLOBAL OFFERING STATISTICS

| | |
|------------------------|--|
| Offer size: | Initially 15.01% of the enlarged share capital of our Company |
| Offering structure: | Initially 10.0% for the Hong Kong Public Offering (subject to reallocation) and 90.0% for the International Offering (subject to reallocation and the Over-allotment Option) |
| Over-allotment Option: | Up to 15.0% of the number of Offer Shares initially available under the Global Offering |
| Offer Price per Share: | HK\$5.20 to HK\$6.68 per Offer Share (if a Downward Offer Price Adjustment of 10% below the low end of the indicative Offer Price range is made, the Offer Price will be HK\$4.68 per Offer Share) |

| | Based on an Offer Price of HK\$4.68 per Share, after a Downward Offer Price Adjustment of 10% | Based on an Offer Price of HK\$5.20 per Share | Based on an Offer Price of HK\$6.68 per Share |
|--|--|--|--|
| Market capitalization of our Shares ⁽²⁾ | HK\$16,520.4 million | HK\$18,356.0 million | HK\$23,580.4 million |
| Unaudited pro forma adjusted consolidated net tangible asset value per Share ⁽³⁾ | HK\$1.49 | HK\$1.57 | HK\$1.78 |

Notes:

- (1) All statistics in this table do not take into account any Shares which may be issued upon the exercise of the Over-allotment Option and the options which may be granted under the Post-IPO Share Option Scheme and may be allotted and repurchased by our Group pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in “Share Capital.”
- (2) The calculation of market capitalization is based on 530,000,000 new Shares expected to be issued under the Global Offering, and assuming that 3,530,000,000 Shares are issued and outstanding immediately following the Capitalization Issue and the Global Offering.

SUMMARY

- (3) *The unaudited pro forma adjusted consolidated net tangible asset per Share is calculated after making the adjustments referred to in Appendix II “Unaudited Pro Forma Financial Information” and on the basis that 3,530,000,000 Shares are issued and outstanding immediately following the completion of the Global Offering.*

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 had incurred listing expenses of approximately RMB48.0 million (approximately HK\$54.5 million), of which RMB36.8 million (approximately HK\$41.8 million) was recognized as administrative expenses with RMB2.0 million (approximately HK\$2.3 million) charged for the year ended December 31, 2017 and the remaining RMB34.8 million (approximately HK\$39.5 million) charged for the year ended December 31, 2018, respectively, and RMB11.2 million (approximately HK\$12.7 million) was capitalized as deferred listing expenses. We currently expect to incur further expenses amounting to RMB154.4 million (approximately HK\$175.5 million) subsequent to the end of the Track Record Period, of which RMB56.2 million (approximately HK\$63.9 million) will be recognized as administrative expenses and RMB98.2 million (approximately HK\$111.6 million) will be recognized as a deduction in our equity. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2019.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$5.94 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus) and the Over-allotment Option is not exercised, will be approximately HK\$2,918.2 million, after deduction of underwriting fees and commissions and other estimated expenses in connection with the Global Offering. We currently intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 60% of our estimated net proceeds, representing approximately HK\$1,750.9 million, will be used as the construction costs for the development of our existing property projects or project phases, Wenzhou Zhongliang Majestic Mansion, Suqian Zhongliang Capital Park and Jiangyou Zhongliang Capital Park. See “Business — Our Property Projects” for further details of our projects;
- approximately 30% of our estimated net proceeds, representing approximately HK\$875.5 million, will be used for repayment of the majority portion of certain existing trust loans, all of which are working capital loans for our project companies and comprised (i) the outstanding balance of RMB237.5 million of a trust loan with a term of one year, an interest rate of 11.5% per annum and the maturity date of September 6, 2019; (ii) the outstanding balance of RMB374.0 million of a trust loan with a term of one year, an interest rate of 12.5% per annum and the maturity date of November 1, 2019; and (iii) the outstanding balance of RMB300.0 million of a trust loan with a term of one year, an interest rate of 13.83% per annum and the maturity date of November 22, 2019; and
- approximately 10% of our estimated net proceeds, representing approximately HK\$291.8 million, will be used for general working capital purposes.

SUMMARY

Except for the amount of HK\$875.5 million that we expect to use to repay our trust loans, 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 midpoint of the proposed Offer Price range.

See “Future Plans and Use of Proceeds” in this prospectus.

DIVIDENDS

We currently intend to pay approximately 40% of our consolidated profit attributable to Shareholders (excluding net fair value gains/losses and net foreign exchange difference (if any)) as dividends from the year ending December 31, 2019. Going forward, we will re-evaluate our dividend policy in light of our financial position and the prevailing economic climate. However, the determination to pay dividend will be made at the discretion of our Board and will be based upon our earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors deem relevant. In addition, our Controlling Shareholders will be able to influence our dividend policy. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into in the future. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

See “Financial Information — Dividends” in this prospectus.

LEGAL PROCEEDINGS

We have been, and may continue to be, involved in legal proceedings or disputes from time to time in the ordinary course of business. For more details, refer to “Business — Legal Proceedings.”

HISTORICAL SAFETY ACCIDENT AND REGULATORY NON-COMPLIANCES

On August 1, 2017, there was a work safety accident in the construction site of our project Xuzhou Zhongliang Shanti Mansion which caused death of five construction workers and injury to another one. This was determined as a major work safety incident by the investigation team of the relevant local government authorities. One of our project companies was found, jointly with the relevant general contractor and the project supervisory company as well as the relevant local government authorities, liable for such accident. For more details about this accident, refer to “Business — Safety Matters — Construction Site Accident of Xuzhou Xuxin.” Save as disclosed, to the best of our knowledge, there had been no material non-compliance with the safety laws and regulations by us, our contractors or subcontractors on the construction sites of our projects during the Track Record Period and up to the Latest Practicable Date.

There had been several non-compliance incidents during the Track Record Period, including, (i) commencement of construction before completing requisite administrative procedures and/or obtaining requisite permits; (ii) delays in commencement and/or completion of construction; and (iii) inappropriate marketing activities. As of the Latest Practicable Date, we had settled relevant penalties in full and taken various rectification measures, including establishing internal policies, to strengthen our internal control on ongoing

SUMMARY

compliance with applicable laws and regulations. We believe none of such non-compliance incidents will have a material adverse impact on us. For more details, please see “Business — Compliance with Laws and Regulations — Non-compliance Incidents.”

COMPETITIVE LANDSCAPE

The property market in China is highly fragmented and competitive. We face increasing competition from domestic national comprehensive developers, regional developers as well as other developers with strategies similar to ours, which have business operations in cities where we operate or intend to operate. We compete with them in several aspects, including land acquisition, brand recognition, financial resources, prices, product quality, service quality and other factors. In particular, due to our current geographical presence, we compete with national leading real estate developers that also establish presence in those cities.

According to the China Index Academy Report, the market share of Zhongliang Holdings Group Company Limited in the PRC real estate market in terms of total contracted sales increased from approximately 0.25% in 2016 to approximately 0.49% in 2017, with the ranking increased from 41st in 2016 to 33rd in 2017 among all real estate developers in China. The market share of Zhongliang Holdings Group Company Limited further increased to approximately 0.68% in 2018 and its ranking further increased to 30th in 2018.

RECENT DEVELOPMENT

Our business operations had remained stable after the Track Record Period and up to the Latest Practicable Date as there were no material changes to our business models and the general economic and regulatory environment in which we operate.

We experienced an increase in our revenue for the four months ended April 30, 2019 as compared with the corresponding period in 2018. Our delivered GFA for which revenue was recognized at a point in time increased from 90,320 sq.m. in the four months ended April 30, 2018 to 619,070 sq.m. in the corresponding period in 2019. Our aggregate contracted sales, taking into account the contracted sales by our joint ventures and associates attributable to us, increased from approximately RMB26.5 billion for the four months ended April 30, 2018 to approximately RMB30.0 billion for the four months ended April 30, 2019.

During the period from January 1, 2019 up to the Latest Practicable Date, our subsidiaries had won bids for 51 new land parcels with a total site area of approximately 2.6 million sq.m. for the development of projects. These new land parcels are located in 43 cities, including 15 cities we newly entered into, such as Dalian and Tianjin. Total land premiums for these new land parcels were approximately RMB18,519.9 million and the average land costs was approximately RMB7,114 per sq.m. Based on the total GFA for these new projects of approximately 7.2 million sq.m. which is estimated by referring to the relevant permits or documentation obtained from the relevant government authorities and our internal records or development plans, the average land costs of estimated GFA is approximately RMB2,556 per sq.m. Our relevant subsidiaries had entered into the relevant land grant contracts for each of these land parcels and had obtained the land use right certificates for 30 of these new land parcels with a total site area of approximately 1.5 million sq.m. and a total estimated GFA of approximately 4.2 million sq.m. We primarily funded these new land parcels through our internally generated cash flow, with a small portion from external financing sources, primarily through asset management arrangements.

SUMMARY

Furthermore, during the period from January 1, 2019 up to the Latest Practicable Date, we entered into business cooperation agreements with various independent third party real estate developers to jointly develop property projects. These jointly established entities had won bids for eight land parcels with a total site area of approximately 0.5 million sq.m. and a total estimated GFA attributable to us of approximately 0.4 million sq.m. The land use right certificates for six of these land parcels with a total site area of approximately 0.4 million sq.m. and a total estimated GFA attributable to us of approximately 0.3 million sq.m. had been obtained as of the Latest Practicable Date.

In the four months ended April 30, 2019, we had entered into 21 additional trust loan and asset management arrangements for our project development with an aggregate principal amount of approximately RMB5,873.8 million. In addition, we continuously look for additional financing opportunities to broaden our financing channels, lower our funding costs and improve our borrowing maturity structure. Such new financing opportunities may include the issuance of corporate bonds, asset-backed securities programs, onshore and/or offshore bond offerings, and other debt offerings. We currently do not have a concrete plan for the above-mentioned new debt offerings.

After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our financial performance and position since December 31, 2018, and there is no event since December 31, 2018 which would materially affect the information as set out in the Accountants' Report in Appendix I to this prospectus.

Offer Period

The application for the Hong Kong Public Offering will commence on Thursday, June 27, 2019 through Monday, July 8, 2019, being slightly longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving banks on behalf of our Company and the refund monies, if any, will be returned to the applicants without interest on Monday, July 15, 2019. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Tuesday, July 16, 2019.

DEFINITIONS

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

| | |
|---|---|
| “Abundant Talent” | Abundant Talent Global Limited (盈智環球有限公司), a limited company incorporated in the BVI on July 9, 2018 and wholly-owned by Mr. Lei, our pre-IPO investor |
| “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, conditionally adopted on June 19, 2019 which shall become effective on the Listing Date, a summary of which is set out in Appendix IV |
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Board” or “Board of Directors” | the board of directors of our Company |
| “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 |
| “Capitalization Issue” | the issue of 2,990,305,325 Shares to be made upon capitalization of certain sums standing to the credit of the share premium account of our Company as referred to in the paragraph headed “Statutory and General Information — A. Further Information About Our Group — 3. Resolutions in Writing of the Shareholders of Our Company Passed on June 19, 2019” in Appendix V to this prospectus |
| “Cayman Companies Law” or “Companies Law” | the Companies Law of the Cayman Islands, as amended, supplemented or otherwise modified from time to time |
| “CBRC” or “CBIRC” | China Banking Regulatory Commission (中國銀行業監督管理委員會), currently consolidated into the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會). |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “CCASS Clearing Participant” | a person admitted to participate in CCASS as a direct 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 |

DEFINITIONS

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|---|---|
| “CCASS Participant” | a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant |
| “China” or “the PRC” | the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan |
| “Co-lead Managers” | A-JEX International Asset Management Limited, GLAM Capital Limited, Wan Lung Securities Limited, Ping An Securities Limited, Head & Shoulders Securities Limited and Kilmorey Securities Limited |
| “Companies Ordinance” | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| “Companies (Winding Up and Miscellaneous Provisions) Ordinance” | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| “Company” or “our Company” | Zhongliang Holdings Group Company Limited (中梁控股集團有限公司) (formerly known as Zhongliang Properties Group Company Limited 中梁地產集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on March 22, 2018, and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries |
| “Controlling Shareholders” | the group of controlling shareholders (having the meaning ascribed thereto under the Listing Rules) of our Company, namely, Mr. Yang, Ms. Xu, Liangzhong, Liangyi and Liangtai |
| “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 24, 2019 and entered into by our Controlling Shareholders in favor of our Company (for itself and as trustee for its subsidiaries), further information of which is set out in the section headed “Statutory and General Information — E. Other Information — 1. Estate Duty and Tax Indemnity” in this prospectus |
| “Deed of Non-competition” | the deed of non-competition dated June 24, 2019 and entered into by our Controlling Shareholders in favor of our Company (for itself and as trustee for its subsidiaries), further information of which is set out in the section headed “Relationship with Controlling Shareholders” in this prospectus |
| “Director(s)” | the director(s) of our Company |
| “Downward Offer Price Adjustment” | an adjustment that has the effect of setting the final Offer Price of up to 10% below the low end of the indicative Offer Price range |

DEFINITIONS

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|--|---|
| “EIT” | enterprise income tax in the PRC |
| “EIT Law” | the PRC Enterprise Income Tax Law |
| “GREEN Application Form(s)” | the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited |
| “Group,” “our Group,” “we,” “our” or “us” | 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) |
| “HK\$” or “Hong Kong dollars” or “HK dollars” or “cents” | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong |
| “HKICPA” | Hong Kong Institute of Certified Public Accountants |
| “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 |
| “Hong Kong” or “HK” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Offer Shares” | the 53,000,000 Shares being initially offered for subscription in the Hong Kong Public Offering, subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus |
| “Hong Kong Public Offering” | the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1.0% transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) 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 headed “Underwriting — Hong Kong Underwriters” in this prospectus |
| “Hong Kong Underwriting Agreement” | the underwriting agreement dated June 26, 2019, relating to the Hong Kong Public Offering and entered into by, among others, the Sole Representative, the Hong Kong Underwriters, our Company, our executive Directors and our Controlling Shareholders as further described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering” in this prospectus |

DEFINITIONS

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|--|---|
| “IFRS” | International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board |
| “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 not connected with our Company or our connected persons as defined under the Listing Rules |
| “Industry Report” | the industry report issued by China Index Academy, the industry consultant |
| “International Offer Shares” | the 477,000,000 Shares being initially offered in the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus |
| “International Offering” | the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act, as further described in “Structure of the Global Offering” in this prospectus |
| “International Underwriters” | the group of underwriters, led by the Sole Representative, that is 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, the Sole Representative, the International Underwriters, our Company, our executive Directors and our Controlling Shareholders on or about July 9, 2019, as further described in the section headed “Underwriting — Underwriting Arrangements and Expenses — The International Offering” in this prospectus |
| “JLL” | Jones Lang LaSalle Corporate Appraisal and Advisory Limited, our independent property valuer |
| “Joint Bookrunners” | CCB International Capital Limited, Guotai Junan Securities (Hong Kong) Limited, Huatai Financial Holdings (Hong Kong) Limited, Nomura International (Hong Kong) Limited, ABCI Capital Limited, CMB International Capital Limited and ICBC International Capital Limited |

DEFINITIONS

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|-----------------------------|---|
| “Joint Global Coordinators” | CCB International Capital Limited and Guotai Junan Securities (Hong Kong) Limited |
| “Joint Lead Managers” | CCB International Capital Limited, Guotai Junan Securities (Hong Kong) Limited, Huatai Financial Holdings (Hong Kong) Limited, Nomura International (Hong Kong) Limited, ABCI Securities Company Limited, CMB International Capital Limited, ICBC International Securities Limited, CRIC Securities Company Limited, CGS-CIMB Securities (Hong Kong) Limited, China Investment Securities International Brokerage Limited and WE Securities Limited |
| “Latest Practicable Date” | June 18, 2019, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus |
| “Liangheng” | Liangheng Investment Company Limited (梁恒投資有限公司), a limited company incorporated in the BVI on April 15, 2019 and an indirect wholly-owned subsidiary of our Company |
| “Liangtai” | Liangtai International Co., Ltd. (梁泰國際有限公司), a limited company incorporated in the BVI on March 21, 2018 and wholly-owned by Ms. Xu, and one of our Controlling Shareholders |
| “Liangyi” | Liangyi International Co., Ltd. (梁益國際有限公司), a limited company incorporated in the BVI on March 21, 2018 and wholly-owned by Mr. Yang, and one of our Controlling Shareholders |
| “Liangzhong” | Liangzhong International Co., Ltd. (梁中國際有限公司), a limited company incorporated in the BVI on March 21, 2018 and wholly-owned by Mr. Yang, and one of our Controlling Shareholders |
| “Listing” | the listing of the Shares on the Main Board of the Stock Exchange |
| “Listing Committee” | the Listing Committee of the Stock Exchange |
| “Listing Date” | the date, expected to be on or about July 16, 2019, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |
| “M&A Rules” | the Rules on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) jointly issued by MOFCOM, SASAC, SAT, CSRC, SAIC and SAFE on August 8, 2006, effective on September 8, 2006 and further amended on June 22, 2009 by the MOFCOM |

DEFINITIONS

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|---|--|
| “Macau” | the Macau Special Administrative Region of the PRC |
| “Main Board” | the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange |
| “Memorandum” or “Memorandum of Association” | the amended and restated memorandum of association of our Company (as amended from time to time), conditionally adopted on June 19, 2019 which shall become effective on the Listing Date, a summary of which is set out in Appendix IV to this prospectus |
| “MOFCOM” | Ministry of Commerce of the PRC (中華人民共和國商務部) |
| “MOHURD” | 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) (previously Ministry of Construction of the PRC (中華人民共和國建設部) before March 15, 2008) |
| “Mr. Lei” | Mr. Lei Hongfei, our pre-IPO investor |
| “Mr. Yang” | Mr. Yang Jian (楊劍), the founder and chairperson of our Group, and one of our Controlling Shareholders |
| “Ms. Xu” | Ms. Xu Xiaoqun (徐曉群), the spouse of Mr. Yang, and one of our Controlling Shareholders |
| “NDRC” | National Development and Reform Commission (中華人民共和國發展和改革委員會) |
| “Offer Price” | the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$6.68 and expected to be not less than HK\$5.20, at which Hong Kong Offer Shares are to be subscribed and to be determined in the manner further described in the section headed “Structure of the Global Offering — Pricing and Allocation” in this prospectus, subject to any Downward Offer Price Adjustment |
| “Offer Share(s)” | the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option |
| “Over-allotment Option” | the option expected to be granted by our Company to the International Underwriters, exercisable by the Sole Representative (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 79,500,000 additional Shares at the Offer Price to, among other things, |

DEFINITIONS

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| | cover over-allocations in the International Offering, if any, further details of which are described in the section headed “Structure of the Global Offering” in this Prospectus |
| “PBOC” | People’s Bank of China (中國人民銀行) |
| “Post-IPO Share Option Scheme” | our post-IPO share option scheme conditionally adopted pursuant to the written resolutions passed by our Shareholders on June 19, 2019, the principal terms of which are set out in the section headed “Appendix V — Statutory and General Information — D. Share Incentive Scheme — 1. Post-IPO Share Option Scheme” |
| “PRC Government” or “State” | the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them |
| “PRC Legal Advisers” | Commerce & Finance Law Offices, the legal advisers to our Company as the laws of the PRC |
| “Price Determination Agreement” | the agreement to be entered into by the Sole Representative (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 9, 2019, on which the Offer Price will be determined, or such later time as the Sole Representative (for itself and on behalf of the other Underwriters) and our Company may agree, but in any event, not later than July 12, 2019 |
| “prospectus” | this prospectus being issued in connection with the Hong Kong Public Offering |
| “Regulation S” | Regulation S under the U.S. Securities Act |
| “Reorganization” | the reorganization of the Group in preparation of the Listing, details of which are set out in the section headed “Our History, Reorganization and Corporate Structure” in this prospectus |
| “Reporting Accountants” | Ernst & Young |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SAFE” | State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局) |
| “SAFE Circular No. 37” | the Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Round-trip |

DEFINITIONS

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| | Investments by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局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》) promulgated by SAFE on July 4, 2014 |
| “SAIC” | State Administration of Industry and Commerce of the People’s Republic of China (中華人民共和國國家工商行政管理總局), currently consolidated into the State Administration of Market Regulation (國家市場監督管理總局) |
| “SASAC” | State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) |
| “SAT” | State Administration of Taxation of the People’s Republic of China (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, supplemented or otherwise modified from time to time |
| “Shanghai Zhongliang Enterprise Development” | Shanghai Zhongliang Enterprise Development Limited (上海中梁企業發展有限公司), a limited company established in the PRC on August 26, 2016 and an indirect wholly-owned subsidiary of our Company |
| “Shanghai Zhongliang Real Estate” | Shanghai Zhongliang Real Estate Group Co., Ltd. (上海中梁地產集團有限公司), a limited company established in the PRC on July 14, 2009 and an indirectly wholly-owned subsidiary of our Company |
| “Shanghai Zhongliang Property” | Shanghai Zhongliang Property Development Co., Ltd (上海中梁物業發展有限公司), a limited company established in the PRC on December 15, 2016 and indirectly controlled by Mr. Yang |
| “Shareholder(s)” | holder(s) of Shares |
| “Shares” | ordinary shares in the capital of our Company with nominal value of HK\$0.01 each |
| “Sole Sponsor” or “Sole Representative” | CCB International Capital Limited |
| “Stabilizing Manager” | CCB International Capital Limited |
| “State Council” | the PRC State Council (中華人民共和國國務院) |

DEFINITIONS

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| “Stock Borrowing Agreement” | the stock borrowing agreement expected to be entered into between the Stabilizing Manager and Liangzhong on or around the Price Determination Date |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Suzhou Huacheng” | Suzhou Industrial Park Huacheng Real Estate Development Limited (蘇州工業園區華成房地產開發有限公司), a limited company established in the PRC on December 10, 2002, in which Mr. Yang holds 98% equity interest and Ms. Xu holds the remaining 2% equity interest |
| “Track Record Period” | the years ended December 31, 2016, 2017 and 2018 |
| “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 |
| “U.S. Securities Act” | the United States Securities Act of 1933, as amended, 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 |
| “ 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 names |
| “ White Form eIPO ” | the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk |
| “ White Form eIPO Service Provider” | Computershare Hong Kong Investor Services Limited |
| “Withdrawal Mechanism” | a mechanism which requires the Company, among other things, to (a) issue a supplemental prospectus as a result of material changes in the information (e.g. the Offer Price) in the prospectus; and (b) extend the offer period and allow potential investors, if they so desire, to confirm their applications using an opt-in approach (i.e. requiring investors to positively confirm their applications for shares despite the changes) |
| “ YELLOW Application Form(s)” | the application form(s) for use by the public who requires such Hong Kong Offer Shares to be deposited directly in CCASS |

DEFINITIONS

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| “Zhejiang Tianjian” | Zhejiang Tianjian Real Estate Co., Ltd. (浙江天劍置業有限公司), (formerly known as Zhejiang Zhongliang Real Estate Co., Ltd (浙江中梁置業有限公司)), a limited company established in the PRC on June 29, 1993, which is indirectly majority owned by Mr. Yang Jianqing, cousin of Mr. Yang |
| “Zhejiang Tianjian Group” | Zhejiang Tianjian and its subsidiaries |
| “Zhongliang HK” | Zhongliang Hongkong Property Investment Group Co., Limited (中梁香港地產投資集團有限公司), a limited company incorporated in Hong Kong on March 29, 2018 and an indirect wholly-owned subsidiary of our Company |
| “Zhongliang International” | Zhongliang International Development Company Limited (中梁國際發展有限公司), a limited company incorporated in the BVI on March 27, 2018 and a direct wholly-owned subsidiary of our Company |
| “%” | per cent |

In this prospectus, the terms “associate,” “close associate,” “connected person,” “connected transaction,” “core connected person,” “controlling shareholder,” “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

GLOSSARY

This glossary contains terms used in this prospectus in connection with us. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

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| average selling price or ASP | average selling price on a saleable GFA basis, unless otherwise stated |
| CAGR | compound annual growth rate |
| China Index Academy Report | Market Position Appraisal Report of Zhongliang Holdings Group Company Limited (《中梁控股集團有限公司市場地位認證研究報告》) prepared by China Index Academy and commissioned by us |
| contracted sales | total contractual value of properties sold in the relevant period, i.e. the total contractual value determined in the formal sale and purchase contract signed by both parties; it includes completed properties sold and properties pre-sold prior to completion of construction; contracted sales in any given period is not equivalent to the revenue in the relevant period and shall not be deemed as an indication for the revenue to be recognized in any future period; contracted sales data is unaudited and is based on internal information of our Group, which is provided for investors' reference only |
| fourth-tier cities | refer to cities with an average annual residential property sales of less than RMB8 billion in the past three years, a GDP of less than RMB150 billion and with a population of less than 4 million, which include cities such as Jiujiang, Shangrao, Heyuan, Enshi, Huaibei, Puer and Dali, according to the China Index Academy Report |
| GFA | gross floor area |
| 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》) |
| Midwest China Economic Region | for the purpose of this prospectus, refers to Chongqing, Shanxi Province, Henan Province, Shaanxi Province, Ningxia Hui Autonomous Region, Gansu Province, Yunnan Province, Guizhou Province, Hunan Province, Hubei Province, Inner Mongolia Autonomous Region, Guangxi Zhuang Autonomous Region and Sichuan Province |
| Pan-Bohai Economic Rim | for the purpose of this prospectus, refers to Beijing, Tianjin, Hebei Province, Shandong Province and Liaoning Province |
| Pearl River Delta Economic Zone | for the purpose of this prospectus, refers to Guangdong Province |
| PRC Real Estate Top 10 Research Team | a research team jointly established by China Index Academy, Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業研究所) and the Property |

GLOSSARY

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| | <p>Research Institute Tsinghua University (清華大學房地產研究所) which is dedicated to evaluate PRC real estate developers and releases reports with respect to top 100 real estate developers in terms of comprehensive development capacity in China every year, based on various assumptions and factors, including but not limited to scale, profitability, growth, stability, financing capacity, operating efficiency and social responsibility</p> |
| recognized GFA | <p>for the purpose of this prospectus, refers to (i) with respect to the portion of GFA for which revenue was recognized at a point in time, total GFA so delivered and sold in the relevant period, and (ii) with respect to the portion of GFA for which revenue was recognized over time, the GFA proportionate to the amount of revenue so recognized in the relevant period out of the total revenue to be recognized, which was further by reference to the construction progress towards completion</p> |
| second-tier cities | <p>refer to cities with an average annual residential property sales of more than RMB100 billion in the past three years, a GDP between RMB350 billion and RMB2,000 billion and a population between 5 million and 16 million, which include cities such as Wenzhou, Suzhou, Wuxi, Hangzhou, Changsha, Wuhan, Chengdu, Kunming and Nanning, according to the China Index Academy Report</p> |
| sq.m. | <p>square meters</p> |
| third-tier cities | <p>refer to cities with an average annual residential property sales between RMB8 billion to RMB100 billion in the past three years, a GDP between RMB100 billion and RMB500 billion and a population between 2 million and 8 million, which include cities such as Jinhua, Jiaxing, Taizhou, Changzhou, Yangzhou, Huzhou, Zhangzhou, Quzhou, Lishui, Ningde, Shaoguan, Zhoushan, Xuancheng and Qinzhou, according to the China Index Academy Report</p> |
| Western Taiwan Straits Economic Zone | <p>for the purpose of this prospectus, refers to Jiangxi Province and Fujian Province</p> |
| Yangtze River Delta Economic Region | <p>for the purpose of this prospectus, refers to Shanghai, Zhejiang Province, Jiangsu Province and Anhui Province</p> |

FORWARD-LOOKING STATEMENTS

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. When used in this prospectus, the words “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “going forward,” “intend,” “may,” “ought to,” “plan,” “project,” “seek,” “should,” “will,” “would” and the negative of these words and other similar expressions, as they relate to the Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our 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,

FORWARD-LOOKING STATEMENTS

the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

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

RISK FACTORS

An investment in our Shares involves a high degree of risks. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our consolidated financial statements and related notes, before you decide to 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 performance of the PRC property markets, particularly in the Yangtze River Delta Economic Region.

Our business and prospects depend on the performance of the PRC property market. As of March 31, 2019, we had a total of 353 property projects, including 257 projects developed by our subsidiaries and 96 projects developed by our joint ventures and associates, covering 124 cities in China at various stages of development. We intend to continue to enhance our presence in these regions in China, namely, the Yangtze River Delta Economic Region, the Midwest China Economic Region, the Pan-Bohai Economic Rim, the Western Taiwan Straits Economic Zone and the Pearl River Delta Economic Zone. These property markets may be affected by local, regional, national and global factors, including economic and financial conditions, 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. 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. Moreover, any oversupply of properties or potential decline in demand for or prices of properties in these cities could also have a material adverse impact on us.

During the Track Record Period, approximately 100.0%, 97.7% and 94.9%, respectively, of our revenue from sales of properties in 2016, 2017 and 2018 were derived from the Yangtze River Delta Economic Region. As of March 31, 2019, we had a total land bank attributable to us of approximately 38.9 million sq.m., of which, approximately 17.6 million sq.m., or 45.4%, were located in the Yangtze River Delta Economic Region. As we expect that the property projects located in the Yangtze River Delta Economic Region will continue to contribute to the majority of our revenue in the near future, our business, financial condition and results of operations may be particularly subject to the market uncertainties, volatility and significant adverse change in the real estate market of the Yangtze River Delta Economic Region.

RISK FACTORS

In particular, the PRC property market is affected by the recent slowdown of China's economic growth. 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 negatively impact the demand for 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 adverse impact on our cash flows, financial condition and results of operations.

We may not be able to acquire land reserves 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 reserves in desirable locations at commercially reasonable prices that are suitable for our projects. During the Track Record Period, we acquired land for our projects through the listing-for-sale process, auctions and public tenders organized by the relevant government authorities. We also acquired land by cooperating with third-party business partners through joint ventures and associates and from third parties by acquiring target projects or target project companies.

Our ability to acquire land depends on a variety of factors, such as the overall local economic conditions, the availability of land parcels provided by the government, our effectiveness in identifying and acquiring land parcels that are suitable for our development. The availability and price of land sold at land auctions held by local governments depend on factors beyond our control, including government land policies and competition. The PRC government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC. Furthermore, the rapid development in certain cities we plan to enter in recent decades has resulted in a limited supply of undeveloped land in desirable locations and at reasonable acquisition costs. As a result, our cost for acquiring land use rights may further rise 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 suitable land parcels at commercially acceptable prices for our future development in a timely manner or at prices that enable reasonable economic returns to us, or at all, our business, financial condition, operating results and prospects may be materially and adversely affected.

We may not have adequate financings to fund our property development, and such capital resources may not be available on commercially reasonable terms, or at all.

Property development is capital intensive and we expect to continue to incur a high level of capital expenditures in the foreseeable future. During the Track Record Period, we mainly financed our property projects primarily through proceeds from the pre-sales and sales of our properties and borrowings from financial institutions including CBIRC-licensed commercial banks as well as trust financing and asset management companies. Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties beyond our control, including but not limited to:

- requirements to obtain PRC government approvals necessary for obtaining financing in the domestic or international markets;

RISK FACTORS

- our future results of operations, financial condition and cash flows;
- the condition of the international and domestic financial markets and financing availability;
- changes in the monetary policies of the PRC government with respect to bank interest rates and lending practices; and
- changes in policies regarding regulation and control of the real estate market.

The PRC government has implemented a number of measures to manage money supply growth and credit availability, especially with respect to the property development sector. For example:

- the PBOC has adjusted the Renminbi deposit reserve ratio several times since 2010, first upward to a peak of 21.5% and more recently downward to the level of 13.5% as of the Latest Practicable Date;
- the PBOC has adjusted the benchmark one-year bank lending rate many times since 2008;
- PRC commercial banks and trust companies are prohibited from granting loans to real estate developers to pay land premiums;
- the State Council has issued rules requiring that at least (i) 20% of total investment for affordable housing or ordinary commercial housing development projects is funded by the developer's own capital; and (ii) 25% of the total investment for all other types of property development projects is funded by the developer's own capital;
- the CBRC has issued rules governing the establishment, operation and financing activities of trust companies in 2007, including the provision of such financing to real estate developers; and
- 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 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 business of all kinds of financial institutions.

Operation of the trust companies in the PRC are primarily regulated by the CBIRC pursuant to the "Rules Governing Trust Companies" (《信託公司管理辦法》), which came into effect on March 1, 2007. Trust companies are therefore under the supervision and monitoring of the CBIRC and are required to comply with all notices and regulations promulgated by the CBIRC.

In addition, pursuant to Notice on Issuing Administrative Rules No. 4 for Filing of Private Placement Assets Management Plans by Securities & Future Business Institutions (the "**Administrative Rules No. 4 for Filing**") (《關於發佈〈證券期貨經營機構私募資產管理計劃備案規範第4號〉的通知》), which was issued on

RISK FACTORS

February 13, 2017 by the Asset Management Associate of China, any investment in the real estate developers and projects under the private placement asset management plans newly established by securities/futures business institutions shall meet the requirements of Administrative Rules No. 4 for Filing; the existing products shall not add any new investment project that does not meet the requirements of the Administrative Rules No. 4 for Filing; if a project that an existing product has invested in comes under the circumstances prohibited under Article 1, 2 or 3 of the Administrative Rules No. 4 for Filing, the relevant investment project may not be renewed upon expiration. The Administrative Rules No. 4 for Filing applies to investment by the private placement fund managers that carry out private placement investment fund business in real estate developers and projects. Where a securities/futures business institution establishes a private placement assets management plan to invest in the ordinary residential housing projects in the cities where the real estate price is soaring, such a plan shall not be filed for record. Private placement asset management plans shall neither finance real estate developers for paying land acquisition price or replenishing working capital by means of entrusted loan, trust plan or transfer of right to earnings of the assets (beneficiary right), nor facilitate, directly or indirectly, any violation of laws and regulations such as issuance of loans for down payment.

The above measures and other similar government actions and policy initiatives have limited our ability and flexibility in using bank loans and trust loan arrangements to finance our property projects. For example, we are limited as to the development activities in which such financing can be used. In addition, the amount, timing and cost of funding available to us are also adversely affected, so are the collaterals used to secure such financing. We cannot assure you that the PRC government will not introduce other initiatives, which may further limit our access to capital and the means we finance our property projects, or that we will be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms, or at all. Furthermore, given the growth in trust loan arrangements provided to PRC real estate developers, the PRC government may implement more stringent measures to control risks in loan growth, including, among others, more stringent review procedures that trust companies are required to adopt when considering applications for trust loan and remedial actions that trust companies are required to take in the event of any non-compliance with applicable laws and regulations. Any such further measures that the PRC government may implement could limit the amount that trust companies can make available for the PRC property development industry. If such measures were to happen, our ability to obtain trust loan might be adversely affected, which will in turn adversely affect the anticipated growth of our business in the future and prospects.

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 and trust loan providers. Accordingly, changes in interest rates have affected and will continue to affect our financing costs, which in turn may affect our profitability and operating results. As all of our borrowings are in Renminbi, the interest rates on our borrowings are affected by the benchmark interest rates set by the PBOC, which may fluctuate significantly. Our interest costs on bank and other borrowings and interest expense arising from revenue contracts incurred in the years ended December 31, 2016, 2017 and 2018 were RMB1,702.1 million, RMB2,699.1 million and RMB3,027.5 million, respectively. Most of our interest costs incurred were capitalized. Capitalized interest in the years ended December 31, 2016, 2017 and 2018 were

RISK FACTORS

RMB1,433.1 million, RMB2,342.8 million and RMB2,594.1 million, respectively, representing 49.0%, 16.7% and 8.6%, respectively, of our revenues in the same period. The weighted average effective interest rates on our total borrowings outstanding as of December 31, 2016, 2017 and 2018 were 9.4%, 7.9% and 9.9%, respectively. There is no assurance that our effective interest rate may not be adversely changed, such as any future increases in the PBOC benchmark interest rates as a result of government policies may lead to higher lending rates, which may increase our financing costs and thereby adversely affect our business, financial condition and results of operations.

We may not be able to effectively maintain and manage our Amoeba Ecosystem, which has been a key to our rapid growth during the Track Record Period.

We have established and implemented our Amoeba Ecosystem since 2015, which has enabled us to effectively form our corporate culture, enhance our employee evaluation and incentive system and achieve a rapid growth during the Track Record Period. However, our Amoeba Ecosystem may exhibit certain inherent internal control weaknesses. Firstly, our Amoeba Ecosystem is featured with a result-oriented evaluation and incentive approach, which may lead the Amoeba units to make reckless decisions during their operations in the due course of achieving short-time returns yet causing malignant competition among Amoeba units. This, in turn, may cause violations against our internal control procedures or corporate governance policies, as well as the applicable laws and regulations. For example, as detailed in “Business — Compliance with Laws and Regulations — Non-compliance Incidents — Commencement of Construction Before Completing Requisite Administrative Procedures and/or Obtaining Requisite Permits,” during the Track Record Period, some of our subsidiaries were punished for commencing constructions before completing requisite administrative procedures or obtaining requisite permits, partly due to their negligence in monitoring the construction contractors driven by the ambition to shorten the property construction time.

Secondly, each of our Amoeba units enjoys sufficient autonomy during the operation. Given our current scale and the highly replicable nature of our Amoeba Ecosystem, if without sufficient communication and monitoring, such autonomy may lead to a delay to our headquarters in identifying, and subsequently rectifying any non-compliance incidents of any existing Amoeba units, or any unauthorized actions or misconducts of our employees. Such non-compliance incidents, unauthorized actions or misconducts may fail the purpose of our Amoeba Ecosystem, damage the integration and reputation of our Group, and further prevent us from successful and effective expansion.

Thirdly, our Amoeba Ecosystem comprises incentive plans and evaluation policies aiming to motivate our employees. If we fail to design, implement or continuously improve our incentive plans and evaluation policies, or if such plans and policies, including the associated systematic divisional accounting system, are perceived unfair by our employees, their trust in our Amoeba Ecosystem may be compromised and we will not be able to attract, motivate and retain our employees effectively. The losses to our skilled and experienced management and other employees will adversely affect our growth, business operations and prospects.

Lastly, each of the abovementioned potential risks may be exaggerated along with our expanding geographic coverage and increasing numbers of the Amoeba units and employees. If we fail to maintain the integrity and effectiveness of our Amoeba Ecosystem, our corporate culture, reputation, business and prospects may be adversely affected.

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

We have experienced a rapid growth in recent years. In order to achieve sustainable growth, we need to continue to seek development opportunities in selected regions in the PRC with potential for growth and where we have no existing operations. Our historical focus was primarily on the development of residential property projects in the third- and fourth-tier cities and areas adjacent to the first- and second-tier cities in China. As of March 31, 2019, we had established presence in 124 cities in China with a total land bank attributable to us of approximately 38.9 million sq.m., of which, approximately 17.6 million sq.m., or 45.4%, were located in the Yangtze River Delta Economic Region. We currently intend to continue to expand our operations nationwide and further enhance our penetration in the second-tier cities. Additionally, we have expanded our business operations from development of residential properties to commercial properties.

Expanding into new geographical locations and new businesses involves uncertainties and challenges as we may be less familiar with the local regulatory practices and customs, customer preferences and behavior, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies in relevant sub-markets. In addition, expanding our business into new geographical locations would create competition with developers who have a better-established local presence or greater access to local labors, expertise and knowledge. Furthermore, the construction-, market- and tax-related regulations in our target cities may be distinguishably different and we may face additional expenses or difficulties in complying with new procedures and adapting to new environments. Entering into the higher-tier cities may also subject us to higher land acquisition costs and development costs.

As we face challenges not previously encountered, we may fail to recognize or properly assess risks, 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 into or matching the behaviors or expectations of our residents in those cities. We may also have difficulty in promoting and maintaining high occupancy rates and/or rental rates in the investment properties that we are currently developing.

In addition, expanding into new geographical locations and new businesses requires a significant amount of capital and management resources. We may not be able to manage the growth of our workforce to match the expansion of our business, and accordingly, experience issues such as capital constraints, construction delays, and lack of skilled and qualified personal. Any of such factors could have a material adverse effect on our business, financial conditions, results of operations and prospects.

We recorded a net loss for the year ended December 31, 2016 and we may experience net loss in future periods.

We maintained a modest growth since our inception until our acceleration of the property development in the Track Record Period. We had obtained a limited number of land parcels prior to the Track Record Period and the recognized GFA in those years was relatively low. Since 2015, we accelerated the property development and

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marketing activities. We acquired 63, 119 and 221 land parcels in 2016, 2017 and 2018, respectively. Over the same periods, we completed 2, 9 and 40 projects in 2016, 2017 and 2018, respectively. We recorded a net loss of RMB269.8 million in 2016, which was primarily because we accelerated our property development, marketing activities and geographical expansion in 2015 and 2016 and incurred significant administrative, selling and distribution expenses, while the total recognized GFA was relatively low during such periods. Although we have commenced to recognize net profit since the second half of 2017, there is no assurance that we will be able to improve or maintain our financial performance in the future. Our ability to achieve and retain profitability depends in large part on, among others, our ability to develop and offer quality property projects catering to the needs of our target customers, our ability to control costs and expenses in connection with land acquisition and property development activities, as well as our ability to manage the external financing costs. However, there is no assurance that we are able to continue to increase our sales of properties, or to reduce the level of administrative, selling and distribution expenses in connection with our property development in the future, in which cases, our business, financial condition and results of operation may be materially and adversely affected.

We had negative operating cash flow in the years ended December 31, 2016 and 2017 and we may not be able to obtain sufficient funding for our land acquisitions and future property developments on commercially reasonable terms, or at all.

We had negative cash flow from operating activities of approximately RMB17,628.2 million and RMB6,837.8 million for the years ended December 31, 2016 and 2017, respectively, primarily as a result of significant net cash used in operations due to our continued increase in property development activities and strengthened land acquisition efforts. To be specific, cash used in our operations amounted to RMB16,050.8 million and RMB3,697.7 million in 2016 and 2017, respectively, primarily resulting from an increase in our properties under development and completed properties held for sale of RMB22,288.3 million and RMB43,331.9 million in 2016 and 2017, respectively. Such cash outflows may not always be completely offset by various operating cash inflow sources, which were primarily comprised of proceeds received from our customers in the pre-sales and sales of our properties for the respective periods as represented by the increases in contract liabilities of RMB10,166.0 million and RMB35,008.6 million in 2016 and 2017, respectively. As a result, there could be a period during which we experience net cash outflow. Although we seek to effectively manage our working capital, we cannot assure you that we will be able to match the timing and amount of our cash inflows with the timing and amounts of our payment obligations and other cash outflows.

During the Track Record Period, we mainly relied on internal resources generated from our operations, including proceeds from the pre-sales and sales of our properties, as well as external financings, such as borrowings from commercial banks, trust loans, asset management arrangements, other borrowings from third parties (other than banks and financial institutions), and capital contribution from non-controlling shareholders. Negative operating cash flow may require us to obtain sufficient additional financing to meet our financing needs and obligations and support our expansion plans. In the event that we are unable to generate sufficient cash flow for our operations or otherwise obtain sufficient external funds to finance our business, our liquidity and financial condition may be materially and adversely affected and we may not be able to expand our business. We cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities, we will incur additional financing costs, and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all. Moreover, the level of our indebtedness and the amount

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of our interest payments could further limit our ability to obtain the necessary financing or favorable terms for the financing to fund our future capital expenditures and working capital. Such limitations may reduce our competitiveness but increase our exposure and sensitivity to adverse economic and industry conditions, which could materially adversely affect our financial condition and results of operations.

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

We maintain a substantial level of borrowings to finance our operations during the Track Record Period. As of December 31, 2016, 2017 and 2018, our total outstanding bank loans and other borrowings amounted to approximately RMB20,226.6 million, RMB24,476.3 million and RMB27,004.9 million, respectively. We may from time to time in the future consider other debt financing opportunities to refinance our existing loans and support our business expansion, such as the issuance of corporate bonds or asset-backed securities programs. In addition, we have in the past entered into, and may from time to time in the future enter into, investment agreements or framework agreements for our future projects, under which we may be required to make capital commitments. Our net gearing ratio, as calculated by dividing our total borrowings less cash and bank balances by our total equity, was approximately 1,790.2%, 339.5% and 58.1% as of December 31, 2016, 2017 and 2018, respectively.

Our indebtedness could have an adverse effect on us, for example by increasing our vulnerability to adverse economic or industry conditions, such as significant increases in interest rates, and limiting our flexibility in the planning for, or reacting to, changes in our business or the industry in which we operate.

In the future, we expect to incur additional indebtedness to complete our projects under development and projects held for future development and we may also utilize proceeds from additional debt financings to acquire land resources, which could intensify the risks we face as a result of our indebtedness.

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 others, prevailing economic conditions, 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 service our debts, 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 otherwise comply with the restrictions and covenants in our current or future bank loans, corporate bonds and other agreements, there could be a default under the terms of those agreements. In the event of a default under those agreements, our lenders may accelerate the repayment of our outstanding debt or, with respect to secured borrowings, enforce the security interest securing the loan. Any cross-default and acceleration clauses may also be triggered as a result. If any of such events occur, we cannot assure you that our assets and cash flow would be sufficient to repay all of our indebtedness, or 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.

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We are subject to risks associated with certain covenants or restrictions under our borrowings, which may adversely affect our business, financial condition and results of operations.

We are subject to certain restrictive covenants under the terms of our bank loans, trust financing and asset management arrangements, which may restrict or otherwise adversely affect our operations. These covenants may restrict, among others, our ability to incur additional debt or make guarantees, incur liens, pay dividends or distributions on our subsidiaries' capital stock, repurchase our subsidiaries' capital stock, prepay certain indebtedness, repay shareholders' loans, reduce our registered capital, sell, transfer, lease or otherwise dispose of property or assets, make investments and engage in mergers, consolidation or other change-in-control transactions. In addition, some of the loans may have restrictive covenants linked to our financial performance, such as maintaining a prescribed maximum debt-asset ratio or minimum profitability levels during the term of the loans. Pursuant to the respective agreements, trusts companies and asset management companies may have veto rights over some of our abovementioned corporate actions, which will further limit our flexibility in operation and ability to raise additional funding. Certain of our banking facilities also contain cross-default provisions that if our relevant subsidiary defaults on the borrowing with the commercial banks, their affiliated commercial institutions, and/or other commercial financial institutions, as provided under the loan agreement, such an action may constitute an event of default and the relevant commercial banks would be entitled to accelerate payment of all or any part of the outstanding indebtedness and may terminate all commitments to extend further credit. Moreover, our trust and other financings are generally secured by a pledge or transfer of the legal titles of the relevant project subsidiaries, and/or a lien of land use right or development project. If we are in default and cannot repay all of the secured indebtedness, we may lose part or all of our equity interests in those project subsidiaries, our proportionate share of the asset value of the relevant property projects, land use rights or our development projects. See "Financial Information — Indebtedness — Trust Financing and Asset Management Arrangements."

We cannot assure you that we will always be able to abide by all restrictive covenants and cross-default provisions of any of our loan contracts in the future. Should we fail to abide by these provisions, our lenders may be entitled to exercise certain rights as provided under the relevant contracts, including but not limited to accelerating the repayment of our loans, in which case our business, financial condition and results of operations may be adversely affected.

We generate revenue principally from the sales of properties, and our ability to benefit from a property development project may fluctuate, as it will depend on our property development project schedule and the timing of sales for such project.

Historically, we have derived our revenue principally from the sales of properties we developed. For the years ended December 31, 2016, 2017 and 2018, we generated 99.3%, 99.2% and 99.3%, respectively, of our revenue from the sales of properties. According to our accounting policies, revenue of sales of properties may be recognized over time or at a point in time when control of our properties is transferred, depending on terms of pre-sale/sales contracts with detailed project completion and delivery schedule. Revenue recognized at a point in time, depending on the type of properties and the revenue generated, typically takes one to two years from the commencement of pre-sale to the construction completion of our properties before we recognize revenue from

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such projects. Depending on the terms of the pre-sale/sales contracts, our revenue is recognized over time with reference to the construction progress of our relevant property projects. Therefore, our ability to benefit may fluctuate due to factors such as the schedule of our property development, the market demand for our properties and the timing of property sales. Consequently, our results of operations for any given period only reflect decisions made by our customers some time ago and may not be indicative of our actual operating results during such period. In addition, cyclical property market of the PRC affects the optimal timing for the acquisition of land, the planning of development and the sales of properties. Such cyclicity, together with the time required and statutory time limits for the completion of projects and the sales of properties, causes our results of operations relating to property development activities susceptible to significant fluctuations from period to period. As a result, it can be difficult to predict our future performance and the price of our Offer Shares.

Our results of operations, financial condition and prospects may be adversely affected by impairment loss for properties under development and completed properties held for sale.

The volatility of the real estate market may subject us to risks in connection with possible impairment losses for properties under development as well as completed properties held for sale, if we fail to complete the construction or sell the properties in time at our desired prices. Impairment losses may arise when the carrying value of a property exceeds its recoverable amount. For the years ended December 31, 2016, 2017 and 2018, we recorded impairment losses recognized for properties under development in the amount of RMB22.2 million, RMB6.0 million and RMB54.8 million, respectively. During the same periods, we recorded impairment losses write-off for completed properties held for sale in the amount of RMB17.8 million, RMB71.6 million and RMB53.0 million, respectively. We cannot assure you that we may not incur impairment losses, if any or at similar level, during adverse market conditions in the future.

There are uncertainties about the recoverability of our deferred tax assets, which may affect our financial positions in the future.

As of December 31, 2016, 2017 and 2018, we had deferred tax assets of RMB253.1 million, RMB980.9 million and RMB1,852.4 million, respectively, which mainly represented the unrealized revenue in contract liabilities and unused tax losses from our group expenses. We periodically assess the probability of the realization of deferred income tax assets. Deferred tax assets are recognized and measured based on the expected manner of realization or settlement of carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting period. In determining the carrying-over amounts of deferred tax assets, expected taxable profits are estimated based on a number of assumptions relating to our operating environment requiring significant level of judgment exercised by our Directors. However, there is no assurance that our expectation of future earnings could be accurate due to factors beyond our control, such as general economic conditions and negative development of regulatory environment, in which cases we may not be able to recover our deferred income tax assets that could have an adverse effect on our results of operations.

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Our results of operations, financial condition and prospects may fluctuate subject to the fair value changes in our financial assets at fair value through profit or loss due to the uncertainty of accounting estimates in the fair value measurement and the use of significant unobservable inputs in the valuation techniques.

During the Track Record Period, we purchased wealth management products from reputable commercial banks and other financial institutions, mainly low-risk funds in the PRC, for our treasury management purposes. We recognized fair value gains on financial assets at fair value through profit or loss of RMB17.9 million in 2016, while we recorded a fair value loss on financial assets at fair value through profit or loss of RMB5.4 million and RMB4.0 million in 2017 and 2018, respectively. Such fair value loss on financial assets arose from the realization of the investment income upon disposal of certain wealth management products, which caused a decrease in the fair value of our remaining unrealized financial assets. As of December 31, 2016, 2017 and 2018, our financial assets at fair value through profit or loss amounted to RMB596.2 million, RMB297.2 million and RMB228.8 million, respectively.

The wealth management products are measured at fair value with significant unobservable inputs used in the valuation techniques and the changes in their fair value are recorded in our consolidated income statements, therefore directly affecting our results of operations. We used to incur fair value losses for financial assets at fair value through profit or loss during the Track Record Period. There is no assurance that we will not incur such similar fair value losses in the future. If we incur significant fair value losses, our results of operations, financial condition and prospects may be adversely affected.

We recorded certain one-off gains during the Track Record Period, which may not recur in the future.

We recorded certain non-recurring one-off gains during the Track Record Period, including gains on disposal of subsidiaries and associates during our Corporate Restructuring, a gain on bargain purchase resulting from our acquisition of 100% equity interest in Hangzhou Yuanmao in 2016 from an independent third party at a purchase consideration lower than the fair value of its net assets, and various government grants. Such gains aggregated to RMB159.0 million, RMB15.3 million and RMB61.8 million in 2016, 2017 and 2018, respectively. Please refer to “Financial Information — Certain Income Statement Items — Other Income and Gains” for more details. While such gains have had certain direct impact on our profit for the relevant periods, they are non-recurring in nature. Therefore, we may not record such gains, at the same level or at all, in the future, which may in turn materially affect our profitability.

Our past fast growth was partially attributable to favorable government policies. If such policies discontinue or change in the future, our business, financial condition and results of operations may be adversely affected.

Our past rapid expansion in the third- and fourth-tier cities was partially attributable to the increasing market opportunities resulting from a series of policies issued by the central and local governments to promote the redevelopment of shantytown areas, including the Opinions on Accelerating the Redevelopment of Shantytown Area (關於加快棚戶區改造工作的意見) (the “**Shantytown Redevelopment Policies**”) in 2013 and the associated shantytown monetization resettlement initiatives. Such policies and initiatives introduced

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monetary compensation and related subsidies and led to an increase in the number of affected households that had sufficient purchasing power to purchase new flats in the third- and fourth-tier cities. See “Industry Overview—The PRC Real Estate Market—Major Growth Drivers—Favorable political impacts” and “Regulatory Overview—Redevelopment of Shantytowns” for more details about shantytown redevelopment related policies. However, we are aware from the public media that recently the shantytown redevelopment has started to slow down. We cannot assure you that whether such slowdown would become more apparent, or in the near future the central and local governments would curtail the existing shantytown redevelopment initiatives, or issue additional policies that restrain the availability of land parcels to real estate developers, or more stringent credit policies that adversely affect the purchasing power of our potential customers. If we fail to swiftly adjust our development strategies and plans or adapt to the new regulatory environment, each of such factors may slow down our growth and adversely impact our business, financial condition, results of operations and prospects.

We may not be able to complete our projects according to our budget or construction schedule, or at all, which may lead to loss of or delay in recognizing revenues, lower returns and claims from customers.

Completion of property development projects requires substantial capital expenditures for, among others, land acquisition and construction. The construction of property projects may take over a year or longer before the properties could generate positive net cash flows through pre-sales, sales and leasing. Furthermore, depending on the type of properties and revenue generated, it may take up to one year after the completion of these properties before we deliver such projects. As a result, our cash flows and results of operations may be significantly affected by our project development schedule, any changes to such schedules and our budget control in completing those projects.

The schedules of our project development and whether the project can be completed under our planned budget 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:

- 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;
- labor disputes;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites; and
- natural catastrophes and adverse weather conditions.

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Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may negatively impact our reputation as a real estate developer, further causing loss of or delay in our recognizing revenues and returns. If a property project is not completed on time, the purchasers of pre-sold units may be entitled to late delivery compensation or even terminate the pre-sale agreements and claim damages. See “— We face risks related to the pre-sales of properties from any potential limitations or restrictions imposed by the PRC government as to such activities and claims from customers in the event the pre-sold properties are not delivered or completed on time.” 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.

Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining, requisite government approvals or licenses in carrying out our property development and management 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 property development, we must apply to the relevant government authorities to obtain (and renew for those relating to ongoing operations) various licenses, permits, certificates and approvals, including but not limited to, qualification certificates, land use right certificates, construction land planning permits, construction work planning permits, construction work commencement permits, pre-sales permits and completion certificates. We must meet specific conditions in order for the government authorities to issue or renew any certificate or permit. If we fail to apply or renew the certificates in a timely manner, our operations may be adversely affected.

Entities engaged in real estate development are required to obtain a qualification certificate for real estate development enterprises (房地產開發企業資質證書). See “Regulatory Overview” for additional information. During the Track Record Period, one of our subsidiaries had been penalized for commencing property development without obtaining the valid qualification certificates. See “Business — Compliance with Laws and Regulations — Non-compliance Incidents” for more details. We cannot assure you that if similar incidents occur in the future, the relevant subsidiaries will not be penalized, or the relevant construction works may not be delayed if the qualification certificates are not timely obtained or renewed.

During the Track Record Period, some of our subsidiaries were not in compliance with certain construction-related PRC laws and regulations, including proceeding construction works before completing requisite administrative procedures and/or obtaining requisite permits at various stages of the construction, such as construction work planning permits or construction work commencement permits, and/or delays in commencement and/or completion of construction works. During the Track Record Period, we were imposed of monetary penalties in the total amount of approximately RMB5.4 million for such non-compliances and we had paid the relevant penalties in full as of the Latest Practicable Date. See “Business — Compliance with Laws and Regulations — Non-compliance Incidents” for more details. Although we have improved our internal control procedures and developed a standardized property development process, we cannot guarantee that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the real

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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. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our 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.

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

The permitted total GFA for a particular property 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. If constructed total GFA exceeds the permitted total, or if the completed development contains built-up areas that the authorities believe do not conform to the approved plans as set out in relevant construction work planning permit, we may not be able to obtain the acceptance and compliance form of construction completion (竣工驗收備案表) for our project 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. During the Track Record Period, two of our projects, including one project we acquired from a third party, were found with constructed GFA exceeding the permitted GFA as stipulated in the relevant approvals or permits. The GFA in excess of these two projects was approximately 39 sq.m. and 37 sq.m., respectively, each accounting for less than 0.1% of the total constructed GFA of the relevant project. We were subject to immaterial monetary penalties of approximately RMB0.4 million in connection with such excess, which had been fully settled as of the Latest Practicable Date. Based on the respective proportion to the total sold GFA of the relevant project, the pre-tax income from such relevant GFA in excess amounted to approximately RMB1.2 million. We cannot assure you that the constructed total GFA for each of our existing projects under development or any future property developments will not exceed our permitted total GFA, or the authorities will determine that all built-up areas conform to the plans approved as set out in the construction work planning permit. Moreover, we cannot assure you that we would have sufficient funding to pay any required additional land premium or take any remedial actions that may be required in a timely manner, or at all. Any of these factors may materially and adversely affect our reputation, business, results of operations and financial condition.

We rely on third parties in certain key aspects of our business and if any of such third parties fails to perform their contractual liabilities or to comply with the relevant laws and regulations, or if our relationships with any of them deteriorate, 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 project design, pile setting, foundation building, construction, equipment installation, elevator installation and landscaping. We generally select these third-party service providers or contractors through tender processes. Completion of our projects is subject to the satisfactory performance by these third parties under their

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contractual obligations, including their adherence to 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 is proved unsatisfactory, or if any of them is in breach of their contractual obligations due to their financial difficulties or other reasons, we may need to replace such service provider or contractor or take other remedial actions, which could materially and adversely affect our costs, the construction progress of our projects and our reputation, credibility, financial position and business operations. 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. In addition, completion of our property developments may be delayed, and we may incur additional costs, due to a contractor's financial or other difficulties. Moreover, we may also be subject to risks, including but not limited to administrative penalties and impaired reputation, if our third-party service providers, particularly the contractors, fail to comply with the relevant laws and regulations. For example, during the Track Record Period, one of our project companies was found jointly liable with other parties, including the general contractor and the project supervisory company, for a work safety accident taken place on the construction site. For more details, refer to "Business — Safety Matters — Construction Site Accident of Xuzhou Xuxin."

Moreover, 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 quality third-party service providers or contractors in a timely manner, 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 deteriorate, a serious dispute with such third-party service provider or contractor may arise, which may in turn results us costly legal proceedings. The occurrence of any of the abovementioned events may have a material adverse effect on our business, financial condition, results of operations and reputation.

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

We have during the Track Record Period been and may from time to time be involved in disputes with various parties involved in the development, sale, leasing and management of our properties, including contractors, suppliers, construction workers, purchasers, tenants and business partners, or other third parties. These disputes may lead to protests or legal or other proceedings and may result in damages 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 properly developments. We believe that none of these legal proceedings or claims will have a material adverse impact on us. For more details, refer to "Business — Legal Proceedings." However, we cannot assure you that we will not be involved in any major legal proceedings in the future. Any involvement in these disputes may materially and adversely affect our business, financial condition and results of operations.

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We face risks related to the pre-sales of properties from any potential limitations or restrictions imposed by the PRC government as to such activities and claims from customers in the event the pre-sold properties are not delivered or completed on time.

We make certain undertakings in our pre-sale contracts. Our pre-sale contracts and PRC laws and regulations provide remedies for breach of these undertakings. For example, if we fail to deliver the development of units 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 either their contracts with us or the relevant PRC laws and regulations. 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 a relevant unit, as set out in the individual building ownership certificate, deviates by more than 3% from the GFA as set out in the contract; if the floor plan of a relevant unit is different from what is set out in the contract and adversely affects the quality and functionality of the unit; if the interior decoration of a relevant unit is inferior to what is set out in the contract; 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 typically able to claim compensations from our contractors pursuant to the terms of our contracts with them if such breach is due to them, we also cannot assure you that we will always successfully recoup full compensations from our contractors. If we experience material delays in delivering our properties in the future or are required to pay significant amount of compensations to our purchasers due to contractual disputes or other reasons, our results of operations may be materially and adversely affected.

Fluctuations in the labor costs and the price of raw materials could adversely affect our business and financial performance.

We have experienced an increase in labor costs during the Track Record Period, and expect such costs to continue to increase in the foreseeable future. In addition, we procure construction materials through our external contractors or by ourselves. The cost of construction materials, such as steel and concrete, may continue to fluctuate from time to time. As some of our major construction contracts are not fixed unit-price contracts, we bear the risk of price fluctuations in construction materials during the relevant contract term when the prices exceed certain thresholds. Additionally, increases in the cost of construction materials and labor will likely drive 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 will not be able to pass the increased costs on to our customers if such increases are subsequent to the pre-sale. The rising cost of construction materials and labor and our inability to pass such increases on to our customers may adversely affect our results of operations.

The LAT calculated by the relevant PRC tax authorities may be different from our calculation of the LAT liabilities for provision purposes, which may have a material adverse effect on our financial condition.

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

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LAT on the appreciation of land value at progressive rates ranging from 30% to 60%. We only prepay a portion of such provisions each year as required by the local tax authorities. For the years ended December 31, 2016, 2017 and 2018, we recorded approximately RMB41.3 million, RMB452.9 million and RMB1,183.6 million, respectively, as LAT expenses.

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 of such with the relevant tax authorities. Provisions for LAT are made on our own estimates based on, among others, our own apportionment of deductible expenses which is subject to final confirmation by the relevant tax authorities upon settlement of LAT. However, given the time gap between when we make provision for and when 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. Hence, our LAT expenses as recorded in a particular period may require subsequent adjustments. If the relevant tax authorities determine that our LAT liabilities exceed our LAT prepayments and provisions, and seek to collect such 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 Regulations on the Administration of Quality of Construction Works (《建設工程質量管理條例》), which became effective on January 30, 2000 and amended on October 7, 2017, all real estate developers in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. See “Business — Our Project Operation and Management — After-sales Services — Warranties” for more details. We have received customer claims in relation to the quality of our projects in the past and expect to continue to receive customer claims in the future. In addition, we may be subject to other types of customer claims from time to time during our ordinary course of business, such as claims in relation to the delay in delivering property title documents due to various reasons, including longer time required for completing the relevant procedures than expected or delay in commencing the relevant procedures, including but not limited to the examining procedure by the relevant land use right authorities and the registration, approval and certificate production procedures by the relevant property rights authorities.

Although we believe that each of those claims is immaterial by nature or amount, we cannot assure you that we will not face any materially adverse customer claims in the future. If a significant number of claims are brought against us under our warranties and we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner, or at all, or our funds to cover our payment obligations under the quality warranties are not sufficient, we could incur significant expenses to resolve such claims or face delays in remedying the related defects, which would in turn harm our reputation and have a material adverse impact on our business, financial condition and results of operations.

We may be subject to fines or sanctions by the PRC government if we fail to comply with the land grant contracts.

Under PRC laws and regulations, if we fail to develop a property project according to the terms of land grant contracts, including those relating to the payment of land premium and other fees, the designated use of

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land and the time for commencement and completion of our property development of the land, the relevant government authorities may issue a warning to, or impose a penalty on, us or require us to pay the liquidated damages or forfeit the land use rights. Any such violation may restrict our ability to participate, or prevent us from participating in future land bidding.

Specifically, under current PRC laws and regulations, if we fail to pay any outstanding land grant premium by stipulated deadlines, we may be subject to late payment penalties at the rate of 0.1% of the unpaid land premium per day, or the repossession of the land by the government. If we fail to commence development for more than one year from the commencement date stipulated in the land grant contracts, the relevant PRC land authorities may impose an idle land fee of up to 20% of the land grant premium. If we fail to commence development for more than two years after the commencement date stipulated in the land grant contracts, our 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 use rights grant contracts, if our developed land area is less than one-third of the total land area, or if our total capital expenditure on land development is less than one-fourth of the total amount expected to be invested in the project in the project proposal, or if the development of the land is suspended for over a year without government approval, our land may also be treated as idle land. See “Regulatory Overview.”

There are specific enforcement rules on idle land and other aspects of land use rights grant contracts in many cities in China, and the local authorities enforce such rules in accordance with instructions from the central government of China. Where a rightholder 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 applications for new land use rights or process any title transfer transaction, mortgage transaction, lease transaction or land registration application in respect of any idle land before such holder completes the requisite 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 from 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 use rights grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land use rights grant contracts as a result of delays in project development or other factors, we may lose the opportunity to develop our project, as well as our past investment 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 independent third-party landlords mainly for our office premises. As of the Latest Practicable Date, we failed to register 166 leases we entered into as tenants for properties in the PRC with an aggregate GFA of 42,434 sq.m., representing approximately 65.6% of total GFA of properties we leased in the PRC. The failure to register the lease agreements does not affect the validity of our lease agreements under the

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relevant PRC laws and regulations, or our rights or entitlements to lease out the investment properties to tenants. However, we may be required by relevant government authorities to file the lease agreements to complete the registration formalities and subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. The imposition of the above fines could incur us additional efforts and/or expenses, any of which could materially and adversely impact our business, financial condition and results of operations. The registration of these lease agreements to which we are a tenant requires additional documents to be provided by the respective landlords, which are beyond our control. We cannot assure you that the other parties to our lease agreements will be cooperative and we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future. See “Business — Leased Properties for Self-use” for more details.

Inappropriate marketing activities 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 real estate 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. If any of our advertisements are considered to be untruthful, we will be required to cease advertising, remedy adverse effects and turn in a fine amounting three to five times of our advertising fees. 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 materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, we were subject to administrative fines for inappropriate marketing our projects, including false advertisements. Such penalties amounted to approximately RMB2.8 million, all of which had been settled as of the Latest Practicable Date. See “Business — Compliance with Laws and Regulations — Non-compliance Incidents — Inappropriate Marketing” for more details.

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 set forth in the property valuation report contained in Appendix III to this prospectus is based on multiple assumptions that include elements of subjectivity and uncertainty. The assumptions, on which the appraised value of our properties and land reserves is based, include that (i) we will develop and complete the projects in a timely manner in accordance with our latest development proposals provided to JLL and set out in the property valuation report contained in Appendix III to this prospectus; (ii) we have obtained or will obtain on a timely basis all approvals from regulators necessary for the development of the projects, which do not allow for any delays, such as those that may be caused by weather or natural disasters, or delays in the timely completion of demolition and relocations; and (iii) we have paid all the land premium and demolition and resettlement costs and obtained all land use right certificates and transferable land use rights without any obligation to pay additional land premium or demolition and resettlement costs.

Even though JLL adopted valuation methodologies used in valuing similar types of properties when preparing the property valuation report, the assumptions adopted by JLL may be incorrect. As a result, the

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appraised value of our properties may differ materially from the price we would receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or a forecast of their realizable values. Unforeseeable changes to the development of our property development projects, as well as national and local economic conditions, may affect the value of our properties.

If we fail to obtain the approvals from regulators necessary for the development of our projects, some assumptions used by JLL in appraising the value of our properties will prove inaccurate. Therefore, the appraised value of our properties should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of our property development projects as well as national and local economic conditions may affect the value of our property holdings.

In addition, the appraised value of our investment properties is based on key assumptions including the properties' market position, levels of reversionary capitalization rate, rent and/or price. Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of profit or loss and other comprehensive income in the period when they arise. However, fair value gains do not change our overall cash position or our liquidity as long as we continue to hold such investment properties. See "Financial Information — Critical Accounting Policies and Estimates — Investment Properties."

The illiquidity of property investments and lack of alternative uses for investment properties could limit our ability to respond to adverse changes in the performance of our properties.

We strategically retain certain quality commercial properties as investment properties to generate rental income or for land appreciation purpose. As of December 31, 2016, 2017 and 2018, we had investment properties amounting to RMB324.5 million, RMB791.0 million and RMB928.9 million, respectively. Our investment property portfolio may expand in the future but the fair value of such properties may fluctuate as at the end of each period. Investment properties are generally illiquid and our ability to sell our investment properties in response to changing economic, financial and investment conditions is limited. We cannot assure you that we will be able to sell any of our investment properties at prices or on terms satisfactory to us, if at all. We cannot predict the time needed to find purchasers to purchase such investment properties. In addition, should we decide to sell an investment property which is subject to a lease agreement, we may have to obtain consent from or pay termination fees to the tenants. We may also incur capital expenditures to manage and maintain our properties, or to correct defects or make improvements to those properties before selling them. We cannot assure you that financing for such expenditures would be available when needed, or at all.

Furthermore, aging of investment properties, changes in economic and financial condition beyond our control, such as changes in interest rates or changes in the competitive landscape in the PRC property market may adversely affect the amount of rental income we generate from, as well as the fair value of our investment properties, either completed or under development. However, our ability to convert any of our investment properties to alternative uses is limited as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. We cannot assure you that such approvals and financing can be obtained when needed. Such and other factors that impact our ability to respond to adverse changes in the performance of our investment properties may adversely affect our business, financial condition and results of operations.

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Our financial condition and results of operations may be materially impacted by gains or losses arising from changes in the fair value of our investment properties.

We are required to reassess the fair value of any investment properties that we hold. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external appraisers. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair value of any such investment properties will affect our results of operations in the periods when they arise and the impact may be significant. The fair value gains on our investment properties in 2016, 2017 and 2018 were RMB8.7 million, RMB261.9 million and RMB72.0 million, respectively. We cannot assure you that we can recognize comparable fair value gains in investment properties in the future and we may also recognize fair value losses, which would impact our results of operations for future periods. Fair value gains in investment properties would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit. Nevertheless, fair value losses in investment properties would have a negative effect on our results of operations, even though such losses would not change our cash position as long as these properties are held by us.

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 sale 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 up until (i) we complete the relevant properties and the property ownership certificates and the mortgage are registered in favor of the mortgagee bank or (ii) the settlement of mortgage loans between the mortgagee bank and the purchaser, whichever is sooner.

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 his or her 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 assign its rights under the loan and the mortgage to us and we would then have full recourse to the property. In line with the 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. Such credit risks are contingent liabilities not reflected on our balance sheets.

As of December 31, 2016, 2017 and 2018, our outstanding guarantees over the mortgage loans of our customers amounted to RMB6,601.3 million, RMB20,816.3 million and RMB28,897.3, respectively. During the Track Record Period and up to the Latest Practicable Date, we encountered 21 incidents of default by purchasers

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which caused our Group to repay all outstanding amounts in an aggregate of RMB12.1 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, or there is a material depreciation in the market value of the relevant properties, or 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.

Changes in accounting standards applicable to our business and changes in our judgments and assumptions in applying these accounting standards may have a material impact on our results of operation and financial position.

When preparing the financial information of our Group, we adopted IFRS 15 “Revenue from contracts with customers,” or IFRS 15, in lieu of IAS 18 “Revenue,” or IAS 18, and other applicable accounting standards, consistently throughout the Track Record Period. It is mandatory to apply IFRS 15 for the period beginning on or after January 1, 2018 and an early adoption is also permitted. For more information on the revenue recognition under IFRS 15, see “Financial Information — Critical Accounting Policies and Estimates.” Accounting standards applicable to our business may be changed or amended from time to time in the future. Any changes in these accounting standards may result in changes in the recognition, measurement and/or classification of our revenue, expenses, assets and liabilities, which could have material impacts on our results of operations and financial position. In addition, in applying these accounting standards, we are required to make judgments, estimates and assumptions with respect to our revenue, expenses, assets, liabilities and other factors that we consider to be relevant.

For example, the impact on our financial position and performance for the years ended December 31, 2016 and 2017 was significant if IAS 18, instead of IFRS 15, had been applied. If IAS 18 was applied, instead of IFRS 15, throughout the Track Record Period, we roughly estimate that our net profit for the years ended December 31, 2016 and 2017 would have decreased by RMB216.4 million and RMB724.0 million, respectively, while our total equity as of December 31, 2016 and 2017 would have decreased by RMB263.0 million and RMB987.0 million, respectively. The decreases in our net profit and total equity were mainly due to the timing of our revenue recognition. The impact of IFRS 15 on our financial performance for the years ended December 31, 2016 and 2017 was mainly due to the recognition of sales of properties when our performance did not create an asset with an alternative use to us and we had an enforceable right to payment for performance completed to date. Such revenue was recognized over time by adopting IFRS 15. For details of the reason, effect and key impact of the adoption of this new and revised IFRS 15, see “Financial Information — Critical Accounting Policies and Estimates — Early Adoption of IFRS 9 and IFRS 15.” In addition, the International Accounting Standards Board may in the future issue new and revised standards and interpretations. Interpretations on the application of the IFRS will also continue to develop. These factors may require us to adopt new accounting policies from time to time in the future. The adoption of new accounting policies or new IFRS in the future could have a significant impact on our financial position and results of operations.

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Our property leasing and commercial property management businesses may subject us to a variety of risks.

We have commenced the property leasing and commercial property management and started to generate rental income from the second half of 2018. We are subject to risks incidental to the ownership and operation of commercial properties, including volatility in market rental rates and occupancy levels, competition for tenants, costs resulting from ongoing maintenance and repair and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. In addition, we may not be able to renew leases with our tenants on terms acceptable to us, or increase rental rates to the then prevailing market rates, or at all, upon expiration of the existing terms. Likewise, we may not be able to enter into new leases at rental rates as expected. All these factors could negatively affect the demand for our investment properties, and as a result, decrease our rental income, which in turn adversely affect our business, financial condition and results of operations.

The performance of our commercial property management business depends on various factors, including our ability to provide professional and quality property management services, collect property management fees and control costs, particularly labor costs. We are generally paid fixed management fees for our services regardless of the actual costs we incur. In addition, for properties not owned by us, in order to raise our management fees, we are required to complete certain administrative and other procedures, including obtaining approvals of the property owner's general meeting. Management fees may also be subject to price range set by applicable government guidances. In the event that the property management fees we charge are insufficient to cover our costs and we are unable to increase such fees in response to cost increases, there could be adverse effect on our financial condition and results of operations. Additionally, if we seek to reduce costs, we may not be able to maintain the quality of our property management services, which may similarly affect our reputation, business financial condition and results of operations.

Furthermore, there are inherent risks of accidents, injuries or prohibited activities (such as illegal drug use, gambling, violence or prostitution by guests and infringement of third parties' intellectual property or other rights by our tenants) taking place in public space, such as shopping malls. The occurrence of one or more accidents, injuries or prohibited activities at any of our investment properties could adversely affect our reputation amongst customers and guests, negatively impact our brand, deteriorate our overall rents and occupancy rates, mandate us to implement additional safeguard measures, thereby increasing our operating costs. In addition, if accidents, injuries or prohibited activities occur at any of our investment properties, we may be held liable for costs, damages and fines. Our current property and liability insurance policies may not be able to provide adequate coverage, if any, for such losses and we may be unable to renew our insurance policies or obtain new insurance policies without increases in premiums and deductibles or decreases in coverage levels, or at all.

Certain portions of our property development projects and investment properties are designated as civil air defense properties, and transfer of the right to use such area is subject to restrictions and uncertainties.

According to the PRC laws and regulations, new buildings constructed in cities should contain basement areas that can be used for civil air defense purposes in times of war. Under the PRC Civil Air Defense Law (《中

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華人民共和國人民防空法》) promulgated by the NPC on October 29, 1996, as amended on August 27, 2009 and Management Measures for Peacetime Development and Usage of Civil Air Defense Properties (《人民防空工程平時開發利用管理辦法》) promulgated by the State Civil Air Defense Office (國家人民防空辦公室) 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 (the “**Designated 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 the civil air defense areas of our projects are used by the public, we may not be able to use such areas as car parks, and such areas 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, subjecting us to more burdensome compliance cost. As of March 31, 2019, we had civil air defense areas with an aggregate GFA of approximately 1.8 million sq.m., which are primarily used or to be used for car parks, representing an insignificant portion of our property portfolio. We consider such properties as non-saleable GFA.

We may be adversely affected by material issues that affect our relationships or business ventures with our business partners.

We have partnered with a number of minority interest holders of our subsidiaries and established joint ventures and associates with third parties and may continue to do so in the future. The performance of such business ventures has affected, and will continue to affect, our results of operations and financial position. We and our business venture partners provided capital to our jointly established project companies in proportion to our shareholding percentages in order to fund such project companies’ land acquisition efforts and working capital requirements. Once these project companies commence pre-sale and generate cash flow, they will repay such capital to us on demand. Therefore, the timing of such business ventures’ capital requirements, the financial performance of these business ventures and their ability to repay may materially and adversely affect our results of operations. With respect to our subsidiaries with minority interest holders, our consolidated financial results may be directly impacted and the profit attributable to our Group may be diluted. With respect to joint ventures and associates, we generally expect to incur share of loss in such joint ventures or associates until their respective development of property projects completes and starts to contribute revenue. As of December 31, 2016, 2017 and 2018, we had a total of 21, 52 and 102 joint ventures and associates, respectively.

The success of a business venture depends on a number of factors, some of which are beyond our control. As a result, we may not be able to realize the anticipated economic and other benefits from these entities. In addition, in accordance with PRC law, our joint venture agreements and the articles of association of our joint ventures and associates, certain matters relating to our business ventures require the consent of all parties to the joint ventures and associates. Therefore, such joint venture agreements involve a number of risks, including that:

- we may not be able to pass certain important board resolutions requiring unanimous consent of all of the directors of our joint ventures and associates if there is a disagreement between us and our joint venture partners;

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- we may disagree with our joint venture partners in connection with the scope or performance of our respective obligations under the joint venture arrangements;
- our joint venture partners may be unable or unwilling to perform their obligations under the joint venture arrangements with us, including their obligations to make required capital contributions and shareholder loans, whether as a result of financial difficulties or other reasons;
- our partners may have economic or business interests or goals and philosophies inconsistent with ours;
- our partners may take actions contrary to our requests, instructions, policies or objectives with respect to our property investments; or
- our partners may face financial or other difficulties affecting their ability to perform their obligations under the relevant joint venture arrangements with us.

Similarly, those minority interest holders of our subsidiaries may have certain protective shareholder rights subject to the applicable laws and regulations and the articles of association of the relevant subsidiaries, such as information right. These rights of our business partners may otherwise increase our cost and time in managing our business ventures, prolong our internal communication and approval procedures, divert our management team's attention and other resources.

Our investments in joint ventures and associates require substantial capital injections from time to time, which may limit our working capital not as liquid as our other investments, such as wealth management products. Our investments in joint ventures and associates may also subject us to adverse financial performance. During the Track Record Period, our share of profits and losses of joint ventures and associates fluctuated subject to the increasing number of our invested joint ventures and associates as well as the operations of those entities. Since some of those entities were at an early stage of operation and had been operating at a loss, our profitability was adversely affected and we recorded a share of loss of joint ventures in the amount of RMB29.1 million, RMB134.8 million and RMB82.2 million in 2016, 2017 and 2018, respectively, and a share of loss of associates in the amount of RMB33.6 million in 2016. On the other hand, even if profits of our joint ventures and associates are recognized, we may not receive any final remittance of surplus funds, which is typically in the form of dividend distribution, from these joint ventures and associates until their respective property projects are fully completed and delivered and the project companies are liquidated. The project companies' voluntary liquidation is subject to a number of preconditions and the time may be uncertain, for more details, see "Business — Our Project Operation and Management — Project Financing." Our consolidated financial performance may continue to be subject to fluctuations in future periods in conjunction with our investments in additional joint ventures and associates or the performance of such entities.

In addition, since we do not have full control over the business and operations of our joint ventures and associates, we cannot assure that they have been, or will be in strict compliance with all the applicable PRC laws and regulations. We cannot assure you that we will not encounter problems with respect to our joint ventures and associates, or our joint ventures and associates will not violate PRC laws and regulations, which may have a material adverse effect on our reputation, business, results of operation and financial condition.

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We are a holding company and rely primarily on dividends paid by our subsidiaries and joint ventures to fund any cash and financing requirements we have, and our ability to pay dividends and utilize cash resources in our subsidiaries and joint ventures depends on their earnings and distributions.

We are a holding company and we conduct our business operations primarily through our subsidiaries and joint ventures in China. Our ability to make dividend payments and other distributions in cash, pay expenses, service indebtedness incurred and finance the needs of other subsidiaries depends upon the receipt of dividends, distributions or advances from our subsidiaries. The ability of our subsidiaries and joint ventures 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 or joint ventures 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 might in turn restrict our ability to fund our business operations and pay dividends to our Shareholders. In addition, their declaration of dividends will be at the absolute discretion of the boards and shareholders of our subsidiaries and joint ventures.

Furthermore, payments of dividends by our subsidiaries and joint ventures are subject to restrictions under PRC laws. In addition, our subsidiaries or joint ventures may be restricted from making distributions to us due to restrictive covenants contained in agreements, such as bank credit facilities and joint venture agreements, to which they may be subject. Any of the abovementioned factors may affect our ability to pay dividends and to service our indebtedness. As we expect to continue to invest in subsidiaries and joint ventures for the development of property projects, our liquidity may be further restricted if we are not able to receive dividends from our existing or future subsidiaries or joint ventures, which could materially and adversely affect our ability to conduct our business.

Our business may be adversely affected if we fail to hire or retain our senior management team and other qualified employees.

Our continued success and growth depends 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 Directors and members of senior management are essential to our success and future growth. The loss of a significant number of our 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 or retain all 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 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 might lose key professionals and staff. Due to the intensified competition for management and other personnel in the PRC real estate sector, any failure to recruit or retain the necessary management personnel and other qualified employees could have a material adverse impact on our business and prospects.

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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 brand name 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 business, 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 run contrary to 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. Any negative publicity and the resulting decrease in our brand value, or any failure to establish our brand in provinces and 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 or unreasonable 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.

Moreover, we may not be able to adequately and effectively protect our trade name and trademarks in connection with our trademark licensing arrangement with Zhejiang Tianjian. Pursuant to the licensing arrangement, we agreed to license a set of "Zhongliang" trademarks to Zhejiang Tianjian and its subsidiaries that may be used in the development and marketing processes of their existing property projects as of June 27, 2018. Although we have specified the scope and manner in which such licensed trademarks can be deployed, there is no assurance that Zhejiang Tianjian and its subsidiaries will reasonably use our "Zhongliang" trademarks only to those authorized property projects. If our control over those licensed trademarks is ineffective and the rights of such trademarks are infringed or otherwise compromised, our reputation and business may be materially and adversely affected. For details of the trademark licensing arrangement, please see the section headed "Our History, Reorganization and Corporate Structure — Reorganization."

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 the environment. Compliance with such laws and regulations may result in delays in our construction work, substantial compliance and other costs and severely restrict project development activities in environmentally sensitive regions or areas. See "Business — Environmental Matters" for details.

As required by PRC laws and regulations, property projects in environmentally sensitive regions and with self-built sewage treatment facilities are required to undergo environmental assessments and the related assessment document must be submitted 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 for record-filing. If we fail to meet such requirements, local authorities may issue orders to restrict construction and based on the circumstances of the violation and the consequences thereof, impose on us a fine of between one to five percent of the total investment amount of the project, and may also issue orders to

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restore the original conditions before the construction; and the persons directly in charge and other directly responsible persons of us shall be subject to administrative sanctions under the law. After the completion of construction, for those projects which need approval from the relevant government authorities before the commencement of construction as discussed above, we are required to make an acceptance check of the environmental protection facilities and prepare an acceptance report according to the standards and procedures stipulated by the competent administrative department of environmental protection under the State Council.

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 to their fullest extent, and there may be material environmental liabilities of which we are unaware. In the event of a termination of construction and/or imposition of a fine as a result of our non-compliance, our financial condition may be materially and adversely affected.

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

In line with industry practice, we maintain a limited number of 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 damages 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 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.

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 maintained a number of suppliers to operate our businesses. Some of our general contractors and subcontractors are local level operating entities owned or controlled by group companies in China. Although we transacted with such local level operating entities on an individual basis, we aggregated the purchases from such entities and counted each of the relevant group companies as a major supplier. As such, purchases from our five largest suppliers, substantially all of whom were general contractor group companies in China, accounted for approximately 32.5%, 29.7% and 19.1% of our total purchases for the years ended December 31, 2016, 2017 and 2018, respectively. Purchases from our single largest supplier for the years ended December 31, 2016, 2017 and 2018 accounted for approximately 9.6%, 7.4% and 6.8% of our total purchases, respectively.

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

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raw material supplies are interrupted for any reasons, 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.

Our business, financial condition, results of operations and prospects may be adversely affected as a result of negative media coverage relating to us or the real estate market in which we operate or intend to operate.

We may be subject to and associated with negative publicity, including those on the Internet, with respect to our corporate affairs, conducts related to our personnel and the real estate markets we operate or intend to operate. We may also be subject to negative reports or criticisms by various media, including 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 its truth or merit, may have an impact on our reputation and consequently undermine the confidence of our customers and investors, in turn materially and adversely affecting our business, financial condition, results of operations and prospects.

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 real estate 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 real estate sector. The PRC government exerts considerable direct and indirect influence on the development of the PRC real estate sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. In recent years, various control measures have been promulgated by central and local governments aiming at cooling the real estate sector and there is no assurance that further measures may be adopted to regulate this sector. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise the benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to real estate developers and property purchasers, impose additional taxes and levies on property sales and restrict foreign investment in the PRC real estate sector.

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 over-development or market downturn in the PRC real estate sector. If we fail to adapt our operations to new policies, regulations or measures that may come into effect from time to time with respect to the real estate industry, or if our marketing and pricing strategies are ineffective in promoting our contracted sales in response, such policy and market condition changes may damage our contracted sales, delay our pre-sale schedules, and lower our ASPs and/or incur additional costs, in which cases our operating cash flows, gross profit margin, business prospects, results of operations and financial condition may be materially adversely affected.

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The PRC property market industry is highly competitive.

There are a large number of real estate 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 real estate developers in China for land, financing, construction materials and skilled management and human resources may result in an increased cost for land acquisition and construction, oversupply of properties available for sale, decrease in property prices, slowdown in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and increase in administrative costs for hiring or retaining qualified contractors and personnel. Many of our competitors, including foreign developers and top-tier domestic developers, may have more financial or other resources than us. Domestic and overseas real estate developers may have entered the property development markets where we have operations. If we fail to compete effectively, our business operations and financial condition will suffer.

The global financial markets, including the financial markets in China, have experienced significant slowdown and volatility during the past few years, which has affected the PRC property market, and any continued deterioration may materially and adversely affect our business and results of operations.

The economic slowdown and turmoil in the global financial markets starting in the second half of 2008 have resulted in a general tightening of credit, increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. More recently, global market and economic conditions are subject to heightened volatility and uncertainties, resulting from, among others, the trade war between the United States and China as well as the dramatic depreciation of Turkish Lira in August 2018. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. To control inflation in the past, the PRC government has imposed control on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such stringent measures can lead to a slowdown in the economic growth. The PRC economy grew at a slower pace in 2016, 2017 and 2018 than in previous years, with a yearly real GDP growth rate of 6.7%, 6.9% and 6.6%, respectively. Recently, there have been growing concerns about the volatility of the Chinese economy and the adjustments of Chinese fiscal policies. For example, after a rapid surge from the second half of 2014 to early June 2015, the Chinese domestic equity markets experienced sharp declines and severe volatility beginning from June 13, 2015. The Chinese government has taken monetary and regulatory measures to stabilize the market, including measures affecting market liquidity, new equity offering pipelines and trading activities of certain market participants. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, home owners and potential property purchasers, which may lead to a decline in the general demand for our properties and erosion of their selling prices. Any further tightening of liquidity in the global financial markets may in the future negatively affect our liquidity. If the global economic and financial market slowdown and volatility continue or become more severe than currently anticipated, or if the PRC economy and financial market continue to slow down, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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RISKS RELATING TO DOING BUSINESS IN THE PRC

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 transiting 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 conditions, laws, regulations, policies and diplomatic relationships with other countries could have an adverse effect on our business, financial condition or results of operations.

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

Our business is conducted in mainland China and is governed by PRC laws and regulations. All of our operating subsidiaries are located in China and are subject to PRC laws and regulations. The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Additionally, 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 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 may have expected in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces, municipalities and as such, when PRC laws, rules, regulations and policies apply in different provinces, there may be different and

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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 might 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.

PRC regulations of loans and direct investment by offshore holding companies to 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 or additional capital contributions to our PRC subsidiaries. Any loans provided by us to our PRC subsidiaries are subject to 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 SAIC 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 filings 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 rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitations on the ability of our PRC subsidiaries to pay dividends to us could have a material 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 in the PRC. Therefore, our availability of funds to pay dividends to our Shareholders largely depends upon dividends received from our subsidiaries. If our subsidiaries incur debts or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be restricted.

The PRC laws and regulations require that dividends be paid only out of distributable profits, which are net profit of our PRC subsidiaries as determined in accordance with PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that our PRC subsidiaries are required to make. Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our operating subsidiaries may not have distributable profits as determined under 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. Failure by our operating

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subsidiaries in the PRC to pay us dividends 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 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 EIT Law, if a foreign entity is deemed to be a “non-resident enterprise” as defined under the EIT 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 enterprise income tax purposes, which could result in unfavorable tax consequences to us and our non-PRC shareholders.

The EIT 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% enterprise 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 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 China that are controlled by PRC enterprises or groups of 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 enterprise 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.

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We face uncertainties relating to the Public Announcement on Several Issues Concerning Enterprise 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 Enterprise 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 PRC Taxable Assets, when a non-PRC resident enterprise transfers 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 a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding the PRC EIT and lack any other reasonable commercial purposes. Although SAT Circular No. 7 contains certain exemptions (including (i) where a non-resident enterprise derives income from the indirect transfer of 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 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 PRC EIT 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 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, 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

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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. 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 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 the SAFE and its branches and/or 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"). 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.

Our investment properties are located on land parcels that are under long-term land use rights granted by the PRC government. There is uncertainty about the amount of the land grant premium that our Group will have to pay and additional conditions that may be imposed if we decide to seek an extension of the land use rights for our investment properties.

Our investment properties are held by us under land use rights granted by the PRC government. Under PRC laws, the maximum term of the land use rights is 70 years for residential purpose, 40 years for commercial, tourism or recreational purposes and 50 years for industrial or other purposes. Upon expiration, the land use rights will revert to the PRC government unless the holder of the land use rights applies for and is granted an extension of the term of the land use rights.

These land use rights do not have automatic rights of renewal and holders of such land use rights are required to apply for extensions of the land use rights one year prior to the expiration of their terms. If an application for extension is granted (and such grant would usually be given by the PRC government unless the land in issue is to be taken back for the purpose of public interests), the holder of the land use rights will be required to, among other things, pay a land grant premium. If no application is made, or if such an application is not granted, the properties under the land use rights will be reverted to the PRC government without any compensation. As none of the land use rights granted by the PRC government which are similar to those granted

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for our investment properties has, as of the Listing Date, run its full term, there is no precedent to provide an indication of the amount of land grant premium which our Group will have to pay and any additional conditions which may be imposed if our Group decides to seek an extension of the land use rights for our investment properties upon the expiration thereof.

In certain circumstances, the PRC government may, where it considers in the public interest, terminate land use rights before the expiration of the term. In addition, the PRC government has the right to terminate long-term land use rights and expropriate the land in the event the grantee fails to observe or perform certain terms and conditions pursuant to the land use rights grant contracts. If the PRC government charges a high land grant premium, imposes additional conditions, or does not grant an extension of the term of the land use rights to any of our investment properties, our operations and business could be disrupted, and our business, financial condition and results of operations could 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 PRC residents may prevent us from distributing profits and subject us and our PRC resident Shareholders to liabilities under the PRC laws.

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 registrations for any major changes in respect of the Offshore SPV, including, among other things, any major change of a PRC Resident Shareholder, name or term of the Offshore SPV’s operation, 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 imposed 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 is the result of negotiations between us and the Underwriters, and the Offer Price may differ significantly from the market price of 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

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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 widespread 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

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— Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings to the Stock Exchange Pursuant to the Listing Rules” and “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings Pursuant to the Hong Kong Underwriting Agreement.” 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.

Because 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 four Hong Kong business days 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 Global Offering, assuming the Over-allotment Option is not exercised, our Controlling Shareholders will beneficially own and control approximately 84.16% 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 Shareholders 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\$0.06 per Offer Share (assuming an Offer Price of HK\$5.94 per Offer Share, that being the mid-point of the stated Offer Price range, and assuming the Over-

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allotment Option for the Global Offering is not exercised). 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 PRC GAAP or IFRS (whichever is lower), 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.” There is no assurance that we will adopt the same dividend policy as we have adopted in the past.

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 organized 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 Law and common law of the Cayman

RISK FACTORS

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 respective affiliates or advisors, 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.

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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.

We may make a Downward Offer Price Adjustment, and thereby reduce the amount of the estimated net proceeds that we will receive from the Global Offering.

We have the flexibility to make a Downward Offer Price Adjustment to set the final Offer Price of up to 10% below the low end of the indicative Offer Price range per Offer Share. It is therefore possible that the final Offer Price will be set at HK\$4.68 per Offer Share upon the making of a full Downward Offer Price Adjustment. In such a situation, the Global Offering will proceed and the Withdrawal Mechanism will not apply. If the final Offer Price is set at HK\$4.68 per Offer Share, the estimated net proceeds that we will receive from the Global Offering will be reduced to HK\$2,273.2 million, assuming that the Over-allotment Option is not exercised and that such reduced proceeds will be used as described in “Future Plans and Use of Proceeds” on a pro rata basis.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since substantially all of our Company's business operations and management are located in the PRC, there is no need to appoint executive Directors based in Hong Kong. As all of our executive Directors currently reside in the PRC, we do not and, for the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules. Our executive Directors have a vital role in managing the Company's business, hence we believe it would be more effective and efficient for them to be based and spend a substantial amount of time in the PRC, where our head office and most of our subsidiaries locate.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. Xu Liangqiong, our executive Director and senior vice president and Mr. Yeung Tak Yip, our company secretary. Both authorized representatives: (i) are, and will be, readily contactable by telephone, facsimile and/or email to deal promptly with any enquiries which may be made by the Stock Exchange; (ii) have the means to contact all our Directors (including our independent non-executive Directors) promptly at all times, as and when the Stock Exchange wishes to contact our Directors on any matters; and (iii) are to act at all times as the principal channel of communication between the Stock Exchange and us. We will inform the Stock Exchange promptly in respect of any change in our authorized representatives;
- (b) Guotai Junan Capital Limited, our compliance advisor, will act as an additional channel of communication with the Stock Exchange; and
- (c) our Directors who are not ordinarily residents in Hong Kong possess or will apply for valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice. To enhance the communication between the Stock Exchange, the authorized representatives and our Directors, we will implement a policy whereby: (i) each Director will provide his mobile phone number, office phone number, email address and facsimile number to the authorized representatives; (ii) each Director will provide his phone numbers or means of communication to the authorized representatives when he is traveling; and (iii) all Directors and the authorized representatives will provide, if available, their mobile phone number, office phone number, email address and facsimile number to the Stock Exchange.

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WAIVER FROM STRICT COMPLIANCE WITH RULES 4.04(2) AND 4.04(4) OF THE LISTING RULES

Pursuant to Rules 4.04(2) and 4.04(4) of the Listing Rules, the issuer shall include in its accountants' report the results and balance sheet of any subsidiaries and/or businesses acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the listing document (the “**Relevant Requirements**”).

The Post-Track Record Period Acquisitions

1. *The Shandong Mingyao Acquisition*

In August 2018, Suzhou Lianghong Property Co., Ltd. (蘇州市梁虹置業有限公司) (“**Suzhou Lianghong**”), an indirect non-wholly-owned subsidiary of our Company, entered into a share purchase agreement with Ms. Li Yanxi and Ms. Li Yanshuang, pursuant to which Ms. Li Yanxi and Ms. Li Yanshuang agreed to sell, and Suzhou Lianghong agreed to purchase, 90% of the equity interest in Shandong Mingyao Property Co., Ltd. (山東明耀置業有限公司) (“**Shandong Mingyao**”) for a total consideration of RMB119,502,000. The consideration was determined based on the cost of the land held and certain accounts payable of Shandong Mingyao. According to the share purchase agreement, a supplemental agreement entered into among the parties on November 26, 2018 and further negotiations among the parties, the first stage of the Shandong Mingyao Acquisition involves transfer of 30% of the equity interest in Shandong Mingyao, which was completed immediately upon signing of the share purchase agreement; the second stage involves transfer of 21% of the equity interest in Shandong Mingyao, which was completed on November 30, 2018; and the third stage involves transfer of the remaining 39% of the equity interest, which shall be completed 30 days after the commencement of pre-sale of the property project developed by Shandong Mingyao. Subsequently, in August 2018, Suzhou Lianghong entered into another share purchase agreement with an independent third party, pursuant to which Suzhou Lianghong agreed to transfer 30% of the equity interest in Shandong Mingyao for a consideration of RMB40,434,000. Under further negotiations among the parties, Suzhou Lianghong agreed to further transfer 6% of the equity interest in Shandong Mingyao to the independent third party for additional consideration of RMB7,966,800. The first stage of share transfer to the independent third party involves transfer of 12% of the equity interest in Shandong Mingyao, the second stage involves transfer of 8.4% of the equity interest in Shandong Mingyao and the third stage involves transfer of the remaining 15.6% of the equity interest. The share transfer to the independent third party was completed in January 2019, and the independent third party is interested in 36% of the equity interest in Shandong Mingyao. As of the Latest Practicable Date, our Company indirectly holds 54% of the equity interest in Shandong Mingyao and it has been accounted for as a subsidiary of our Company.

2. *The Zhengzhou Lvchen Acquisition*

In January 2019, Henan Zhongliang Dingye Real Estate Development Limited (河南中梁鼎業房地產開發有限公司) (“**Zhongliang Dingye**”), an indirect wholly-owned subsidiary of our Company, entered into an equity transfer agreement with Zhengzhou Lvdu Real Estate Group Co., Ltd. (鄭州綠都地產集團股份有限公司)

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(“**Zhengzhou Lvdu**”), pursuant to which Zhongliang Dingye agreed to acquire 100% of equity interest in Zhengzhou Lvchen Property Co., Ltd. (鄭州綠宸置業有限公司) (“**Zhengzhou Lvchen**”). The total consideration was RMB15,004,263.12, which was determined with reference to the amount of registered capital to be paid by Zhongliang Dingye and the loan owed by Zhengzhou Lvchen to its then shareholder Zhengzhou Lvdu. The Zhengzhou Lvchen Acquisition was completed in January 2019. As of the Latest Practicable Date, our Company indirectly holds 100% of equity interest in Zhengzhou Lvchen and it has been accounted for as a subsidiary of our Company.

3. *The Yuhuan Hongjin Acquisition*

In February 2019, Xuzhou Xiangtian Property Co., Ltd. (徐州祥天置業有限公司) (“**Xuzhou Xiangtian**”), an indirect majority-owned subsidiary of our Company, entered into a cooperative development agreement with Suqian Hongjin Property Co., Ltd. (宿遷鴻錦置業有限公司) (“**Suqian Hongjin**”), pursuant to which Xuzhou Xiangtian agreed to acquire 50% of equity interest in Suqian Hongliang Property Co., Ltd. (宿遷鴻梁置業有限公司) (“**Suqian Hongliang**”) from Suqian Hongjin. It was the original intention to transfer a land parcel held by Suqian Hongjin to Suqian Hongliang (as the project company) for Xuzhou Xiangtian and Suqian Hongjin to jointly develop such land parcel. However, after further negotiations among the parties, the parties decided to have Suqian Hongjin, instead of Suqian Hongliang, to be the project company for development of such land parcel.

In order to jointly develop the land parcel held by Suqian Hongjin, subsequently in March 2019, Xuzhou Xiangtian entered into an acting-in-concert agreement and two supplemental agreements with Suqian Hongjin, Yuhuan Hongjin Property Co., Ltd. (玉環鴻錦置業有限公司) (“**Yuhuan Hongjin**”) (which was the sole shareholder of Suqian Hongjin) and Huahong Jiabin Real Estate Group Limited (華鴻嘉信房地產集團有限公司) (“**Huahong Jiabin**”) (which was the then sole shareholder of Yuhuan Hongjin). Pursuant to the supplemental agreements, the rights and responsibilities of Suqian Hongjin and Suqian Hongliang under the cooperative development agreement and the acting-in-concert agreement were novated to Yuhuan Hongjin and Suqian Hongjin, respectively, and Xuzhou Xiangtian agreed to acquire 50% of equity interest in Yuhuan Hongjin from Huahong Jiabin.

According to the cooperative development agreement and the two supplemental agreements, the total consideration was RMB202,004,157, which was determined with reference to the cost of land parcel held by Suqian Hongjin and the relevant taxes. As of the Latest Practicable Date, our Company indirectly holds 50% of equity interest in Yuhuan Hongjin. As Xuzhou Xiangtian is entitled to appoint a majority of the directors and control the composition of Yuhuan Hongjin’s board of directors according to the acting-in-concert agreement and the supplemental agreements, Yuhuan Hongjin has been accounted for as a subsidiary of our Company.

4. *The Changzhou Jinchen Acquisition*

In March 2019, Changzhou Runliang Property Co., Ltd. (常州潤梁置業有限公司) (“**Changzhou Runliang**”), an indirect wholly-owned subsidiary of our Company, entered into a cooperative development agreement with Wuxi Jinke Jiarun Real Estate Development Limited (無錫金科嘉潤房地產開發有限公司) (“**Wuxi**

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Jinke Jiarun”), pursuant to which Changzhou Runliang agreed to acquire 45% of equity interest in Changzhou Jincheng Real Estate Development Limited (常州金宸房地產開發有限公司) (“**Changzhou Jincheng**”) by way of capital injection. It was the intention of the parties to jointly develop the land parcel held by Changzhou Jincheng. The total consideration was RMB340,200,000, which was determined with reference to the registered capital of Changzhou Jincheng and the amount of capital injection. Changzhou Runliang also agreed to bear 45% of the cost of land parcel held by Changzhou Jincheng, tax and costs to be incurred in the subsequent development, operation and management of Changzhou Jincheng in proportion to its equity interest in Changzhou Jincheng. As of the Latest Practicable Date, our Company indirectly holds 45% of equity interest in Changzhou Jincheng and it has been accounted for as a joint venture of our Company.

5. *The Hangzhou Kunsheng Acquisition*

In March 2019, Jinan Zhonglianglong Property Co., Ltd. (濟南中梁龍置業有限公司) (“**Jinan Zhonglianglong**”), an indirect wholly-owned subsidiary of our Company, entered into an equity transfer framework agreement with Zhejiang Kunlun Property Group Co., Ltd. (浙江崑崙置業集團有限公司) (“**Zhejiang Kunlun**”) and Zhejiang Kunlun Holding Group Co., Ltd. (浙江崑崙控股集團有限公司), pursuant to which Jinan Zhonglianglong agreed to acquire 34% of equity interest in Hangzhou Kunsheng Real Estate Development Limited (杭州崑盛房地產開發有限公司) (“**Hangzhou Kunsheng**”) from Zhejiang Kunlun. The total consideration ranged from approximately RMB241,200,000 to approximately RMB347,300,000, which was determined with reference to the sale proceeds of the properties developed by Hangzhou Kunsheng and distributed to Zhejiang Kunlun, as well as the loans owed by Hangzhou Kunsheng to other parties which have been settled by Zhejiang Kunlun. According to the equity transfer agreement, the final amount of total consideration will be adjusted based on the actual sales of these properties and will be confirmed on or after April 20, 2019. As of the Latest Practicable Date, the final amount of consideration has not been confirmed yet. As of the Latest Practicable Date, our Company indirectly holds 34% of equity interest in Hangzhou Kunsheng and it has been accounted for as a joint venture of our Company.

6. *The Nanchang Jiaying Acquisition*

In March 2019 and May 2019, Jingdezhen Liangrui Property Co., Ltd. (景德鎮梁瑞置業有限公司) (“**Jingde Liangrui**”), an indirect wholly-owned subsidiary of our Company, entered into a cooperative framework agreement and a cooperative agreement, respectively, with Anhui Honglan Real Estate Development Co., Ltd. (安徽弘嵐房地產開發有限公司) (“**Anhui Honglan**”). Pursuant to the cooperative framework agreement and the cooperative agreement, Jingde Liangrui agreed to acquire 34% of equity interest in Nanchang Jiaying Real Estate Development Co., Ltd. (南昌佳境房地產開發有限公司) (“**Nanchang Jiaying**”) by capital injection. It was the intention of the parties to jointly develop the land parcel held by Nanchang Jiaying. According to the cooperative framework agreement and the cooperative agreement, the total consideration was RMB179,630,721, which was determined with reference to the registered capital of Nanchang Jiaying, the amount of capital injection, the cost of land parcel held by Nanchang Jiaying and the interest for the cost of land parcel prepaid by Anhui Honglan. The final amount of interest for the cost of land parcel, which constitutes part of the total consideration, may be adjusted depending on the time of payment by Jingde Liangrui. As of the Latest Practicable Date, our Company indirectly holds 34% of equity interest in Nanchang Jiaying and it has been accounted for as an associate of our Company.

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7. *The Ningbo Yunmao Acquisition*

In March 2019, Changzhou Hongrun Property Co., Ltd. (常州弘潤置業有限公司) (“**Changzhou Hongrun**”), an indirect wholly-owned subsidiary of our Company, entered into a cooperative development agreement with Nanjing Xiangzhou Real Estate Development Limited (南京翔洲房地產開發有限公司) (“**Nanjing Xiangzhou**”), pursuant to which Changzhou Hongrun agreed to acquire 30% of equity interest in Ningbo Yunmao Property Co., Ltd. (寧波昀茂置業有限公司) (“**Ningbo Yunmao**”) from Nanjing Xiangzhou, which then held 70% of equity interest in Ningbo Yunmao. It was the intention of the parties and Beijing Xingmao Property Co., Ltd. (北京興茂置業有限公司) (“**Beijing Xingmao**”), which is another shareholder interested in 30% of equity interest in Ningbo Yunmao, to jointly develop the land parcel held by Nanjing Shimao Property Co., Ltd. (南京實茂置業有限公司), a wholly-owned subsidiary of Ningbo Yunmao. The total consideration was RMB111,192,403.71, which was determined with reference to the amount of registered capital of Ningbo Yunmao contributed by Nanjing Xiangzhou, the advanced funds contributed by Beijing Xingmao and the amount of prepaid interests of the advanced funds contributed by Beijing Xingmao. Changzhou Hongrun also agreed to bear 30% of the cost of land parcel and construction costs to be incurred in the property project in proportion to its equity interest in Ningbo Yunmao. As of the Latest Practicable Date, our Company does not, directly or indirectly, hold any equity interest in Ningbo Yunmao. Upon completion of the Ningbo Yunmao Acquisition, our Company will be indirectly interested in 30% of equity interest in Ningbo Yunmao and it will be accounted for as an associate of our Company.

8. *The Yantai Anguang Acquisition*

In March 2019, Shanghai Zhongliang Dingfeng Technology Co., Ltd. (上海中梁鼎豐科技有限公司) (“**Zhongliang Dingfeng**”), an indirect subsidiary of our Company, entered into a cooperative agreement with Yantai Shengxin Industry Co., Ltd. (烟台盛鑫實業有限公司) (“**Yantai Shengxin**”), Yantai Zhifu District Zhichu Street Beishangfang Residents Committee (烟台芝罘區只楚街道北坊居民委員會) and Yantai Anguang Property Co., Ltd. (烟台安廣置業有限公司) (“**Yantai Anguang**”), pursuant to which Zhongliang Dingfeng agreed to acquire 90% of equity interest in Yantai Anguang by way of capital injection. It was the intention of the parties to jointly develop the land parcel held by Yantai Anguang. The total consideration was RMB191,630,232, which was determined with reference to the loans owed by Yantai Anguang. As of the Latest Practicable Date, our Company does not, directly or indirectly, hold any equity interest in Yantai Anguang. Upon completion of the Yantai Anguang Acquisition, our Company will be indirectly interested in 90% of equity interest in Yantai Anguang and it will be accounted for as a subsidiary of our Company.

9. *The Hangzhou Zhehan Acquisition*

In April 2019, Shanghai Youhan Property Co., Ltd. (上海友漢置業有限公司) (“**Shanghai Youhan**”), an indirect wholly-owned subsidiary of our Company, entered into a cooperative development agreement with, among others, Hangzhou Rongjun Real Estate Development Co., Ltd. (杭州融珺房地產開發有限公司) (“**Hangzhou Rongjun**”), Hangzhou Zhehan Real Estate Development Co., Ltd. (杭州哲瀚房地產開發有限公司) (“**Hangzhou Zhehan**”) and its wholly-owned subsidiary, Yueqing Rongliang Real Estate Development Co., Ltd. (樂清市融梁房地產開發有限公司) (“**Yueqing Rongliang**”), pursuant to which Shanghai Youhan agreed to acquire

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34% of equity interest in Hangzhou Zhehan from Hangzhou Rongjun. It was the intention of the parties to jointly develop the land parcel held by Yueqing Rongliang. The total consideration was RMB91,885,000, which was determined with reference to the registered capital of Hangzhou Zhehan to be paid by Shanghai Youhan and the cost of land parcel held by Yueqing Rongliang. As of the Latest Practicable Date, our Company indirectly holds 34% of equity interest in Hangzhou Zhehan and it has been accounted for as a joint venture of our Company.

10. The Liang'an Shengshi Acquisition

In April 2019, Xi'an Liangheng Tuocheng Property Co., Ltd. (西安梁恒拓城置業有限公司) (“**Xi'an Liangheng Tuocheng**”), an indirect wholly-owned subsidiary of our Company, entered into a cooperative agreement with, among others, Xixian Xinqu Konggang Xincheng Dongshang Hospital Management Co., Ltd. (西咸新區空港新城東上醫院管理有限公司) (“**Dongshang Hospital Management**”), pursuant to which Xi'an Liangheng Tuocheng agreed to acquire 100% of equity interest in Xixian Xinqu Konggang Xincheng Liang'an Shengshi Property Co., Ltd. (西咸新區空港新城梁安盛世置業有限公司) (“**Liang'an Shengshi**”) from Dongshang Hospital Management. The total amount of consideration was RMB236,252,000, which was determined based on the consideration of equity transfer and the cost of land parcel held by Liang'an Shengshi. The final amount of total consideration may be adjusted subject to occurrence of certain events at later stage as stipulated in the cooperative agreement. Subsequently, in April 2019, Xi'an Liangheng Tuocheng entered into a cooperation framework agreement with each of the three independent third parties (collectively, the “**Purchasers**”); and in May 2019, Chengdu Zhongliang Property Co., Ltd. (成都中梁置業有限公司) (“**Chengdu Zhongliang**”) (the sole shareholder of Xi'an Liangheng Tuocheng), Xi'an Liangheng Tuocheng and Liang'an Shengshi further entered into a cooperation development agreement with the Purchasers. Pursuant to the three cooperation framework agreements and the cooperation development agreement, Chengdu Zhongliang agreed to transfer 15%, 5% and 5% of the equity interest in Xi'an Liangheng Tuocheng to the Purchasers for either (i) nil consideration if the registered capital of Xi'an Liangheng Tuocheng has not yet been paid by Chengdu Zhongliang as of the date of equity transfer, or (ii) consideration of RMB1,500,000, RMB500,000 and RMB500,000, respectively, if the registered capital of Xi'an Liangheng Tuocheng has been paid by Chengdu Zhongliang as of the date of equity transfer. The consideration to be paid by each Purchaser to Chengdu Zhongliang in cash was determined based on the registered capital of Xi'an Liangheng Tuocheng. As of the Latest Practicable Date, our Company indirectly holds 100% of equity interest in Liang'an Shengshi and it has been accounted for as a subsidiary of our Company.

11. The Rui'an Xinyu Hengjin Acquisition

In April 2019, Cangnan Liangding Property Co., Ltd. (蒼南縣梁定置業有限公司) (“**Cangnan Liangding**”), an indirect wholly-owned subsidiary of our Company, entered into a cooperative development framework agreement and a memorandum to the cooperative development framework agreement with Hangzhou Jinglanchuang Trading Limited Company (杭州景瀾創商貿有限責任公司) (“**Hangzhou Jinglanchuang**”) and Rui'an Hongqian Property Co., Ltd. (瑞安鴻騫置業有限公司) (“**Rui'an Hongqian**”), pursuant to which Cangnan Liangding agreed to acquire 33% of equity interest in Rui'an Xinyu Hengjin Property Co., Ltd. (瑞安新裕恒錦置業有限公司) (“**Rui'an Xinyu Hengjin**”) from Hangzhou Jinglanchuang and Rui'an Hongqian agreed to acquire 34% equity interest in Rui'an Xinyu Hengjin from Hangzhou Jinglanchuang. It was the intention of the parties to

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jointly develop the land parcel held by Rui'an Xinyu Hengjin. The total amount of consideration was RMB271,141,200, which was determined based on the registered capital of Rui'an Xinyu Hengjin and the cost of land parcel held by Rui'an Xinyu Hengjin prepaid by Hangzhou Jinglanchuang. Cangnan Liangding also agreed to bear 33% of the cost of land parcel held by Rui'an Xinyu Hengjin, tax and relevant preliminary expenses to be incurred in the property project in proportion to its equity interest in Rui'an Xinyu Hengjin. As of the Latest Practicable Date, our Company does not, directly or indirectly, hold any equity interest in Rui'an Xinyu Hengjin. Upon completion of the Rui'an Xinyu Hengjin Acquisition, our Company will be indirectly interested in 33% of equity interest in Rui'an Xinyu Hengjin and it will be accounted for as an associate of our Company.

12. The Hangzhou Junhui and Zhuji Xiangsheng Xiangjun Acquisitions

In May 2019, Wenzhou Zhongliangxiang Property Co., Ltd. (溫州中梁祥置業有限公司) (“**Wenzhou Zhongliangxiang**”), an indirect wholly-owned subsidiary of our Company, entered into a cooperative framework agreement with Xiangsheng Real Estate Group Co., Ltd. (祥生地產集團有限公司) (“**Xiangsheng**”) and Shaoxing Kerong Business Management Co., Ltd. (紹興科榮企業管理有限公司) (“**Shaoxing Kerong**”), pursuant to which Wenzhou Zhongliangxiang agreed to acquire 50% of equity interest in Hangzhou Junhui Business Management Co., Ltd. (杭州駿輝企業管理有限公司) (“**Hangzhou Junhui**”) and 9.5% of equity interest in Zhuji Xiangsheng Xiangjun Property Co., Ltd. (諸暨祥生祥駿置業有限公司) (“**Zhuji Xiangsheng Xiangjun**”) from Xiangsheng, while Shaoxing Kerong agreed to acquire 50% of equity interest in Hangzhou Junhui and 8.5% of equity interest in Zhuji Xiangsheng Xiangjun from Xiangsheng. Pursuant to the cooperative framework agreement, Hangzhou Junhui holds 49% of equity interest in Zhuji Xiangsheng Xiangjun. It was the intention of the parties to jointly develop the land parcel held by Zhuji Xiangsheng Xiangjun. The total amount of consideration for the Hangzhou Junhui Acquisition and the Zhuji Xiangsheng Xiangjun Acquisition was nil, which was determined based on the registered capital of Zhuji Xiangsheng Xiangjun, as the registered capital of Zhuji Xiangsheng Xiangjun has not been paid up at the time of signing of the agreement.

As of the Latest Practicable Date, (i) Hangzhou Junhui directly holds 49% of equity interest in Zhuji Xiangsheng Xiangjun, (ii) our Company indirectly holds 50% of equity interest in Hangzhou Junhui and it has been accounted for as a joint venture of our Company, and (iii) through its 50% of equity interest in Hangzhou Junhui, our Company also indirectly holds 24.5% of equity interest in Zhuji Xiangsheng Xiangjun (being 50% of the 49% equity interest in Zhuji Xiangsheng Xiangjun held by Hangzhou Junhui). Upon completion of the Zhuji Xiangsheng Xiangjun Acquisition, our Company will indirectly hold an additional 9.5% of equity interest in Zhuji Xiangsheng Xiangjun, hence our Company will be indirectly interested in a total of 34% of equity interest in Zhuji Xiangsheng Xiangjun. Pursuant to the cooperative framework agreement, the parties will further enter into an acting-in-concert agreement after the completion of the Zhuji Xiangsheng Xiangjun Acquisition, under which Wenzhou Zhongliangxiang will gain the control of the board of directors of both Hangzhou Junhui and Zhuji Xiangsheng Xiangjun, so that each of Hangzhou Junhui and Zhuji Xiangsheng Xiangjun will be accounted for as a subsidiary of our Company.

13. The Jingjiang Zhongliangyu Acquisition

In May 2019, Nantong Hongli Property Co., Ltd. (南通宏立置業有限公司) (“**Nantong Hongli**”), an indirect majority-owned subsidiary of our Company, entered into an equity transfer agreement with Hongxiang Real

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Estate Company Limited (鴻翔房地產有限公司) (“**Hongxiang**”), pursuant to which Nantong Hongli agreed to acquire 50% of equity interest in Jingjiang Zhongliangyu Property Co., Ltd. (靖江市中梁域置業有限公司) (“**Jingjiang Zhongliangyu**”) from Hongxiang for nil consideration, which was determined based on the registered capital of Jingjiang Zhongliangyu, as the registered capital has not been paid up at the time of signing of the agreement. Nantong Hongli also agreed to contribute to 50% of the registered capital of Jingjiang Zhongliangyu. As of the Latest Practicable Date, our Company indirectly holds 50% of equity interest in Jingjiang Zhongliangyu. As Nantong Hongli is entitled to control the board of directors of Jingjiang Zhongliangyu according to an acting-in-concert agreement dated May 28, 2019 entered into between Nantong Hongli and Longxin Haiyue Property (Jingjiang) Co., Ltd. (龍信海悅置業(靖江)有限公司), which is another shareholder of Jingjiang Zhongliangyu, Jingjiang Zhongliangyu has been accounted for as a subsidiary of our Company.

14. The Plenty Thrive Acquisition

In May 2019, Liangheng, an indirect wholly-owned subsidiary of our Company, entered into a cooperation agreement with, among others, China Jinmao Holdings Group Limited (“**China Jinmao**”) (the sole shareholder of Plenty Thrive Investment Limited (“**Plenty Thrive**”) and Champion Apex Limited (“**Champion Apex**”), pursuant to which Liangheng agreed to acquire 24.5% of equity interest in Plenty Thrive by way of capital injection. It was the intention of the parties to jointly develop the land parcel held by Rui’an Jiamao Real Estate Co., Ltd. (瑞安佳茂置業有限公司) (“**Rui’an Jiamao**”), an indirect wholly-owned subsidiary of Plenty Thrive. The total amount of consideration is (i) US\$21,290,500 or (ii) the value of such shares according to the State-owned Assets Supervision and Administration Commission (tentatively on March 31, 2019), whichever is higher. As of the Latest Practicable Date, the Group does not, directly or indirectly, hold any equity interest in Plenty Thrive. Upon completion of the Plenty Thrive Acquisition, our Company will be indirectly interested in 24.5% of equity interest in Plenty Thrive and it will be accounted for as an associate of our Company.

15. The Quanzhou Hongguang Acquisition

In May 2019, Xiamen Liangtuo Property Co., Ltd. (廈門梁拓置業有限公司) (“**Xiamen Liangtuo**”), an indirect majority-owned subsidiary of our Company, entered into a cooperative development agreement with, among others, Xiamen Yangguang Tiancheng Real Estate Development Limited (廈門陽光天城房地產開發有限公司) (“**Yangguang Tiancheng**”), pursuant to which Xiamen Liangtuo agreed to acquire 16% of equity interest in Quanzhou Hongguang Real Estate Development Limited (泉州弘光房地產開發有限公司) (“**Quanzhou Hongguang**”) from Yangguang Tiancheng. It was the intention of the parties to jointly develop the land parcel held by Quanzhou Hongguang. The total amount of consideration was RMB54,544,000, which was determined based on the registered capital of Quanzhou Hongguang. Xiamen Liangtuo also agreed to bear 16% of the cost of land parcel held by Quanzhou Hongguang, tax and transaction fees to be incurred in the property project in proportion to its equity interest in Quanzhou Hongguang. As of the Latest Practicable Date, our Company does not, directly or indirectly, hold any equity interest in Quanzhou Hongguang. Upon completion of the Quanzhou Hongguang Acquisition, our Company will be indirectly interested in 16% of equity interest in Quanzhou Hongguang and it will be accounted for as a joint venture of our Company.

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16. The Wuxi Xiangrong Acquisition

In May 2019, Suzhou Liangda Property Co., Ltd. (蘇州梁達置業有限公司) (“**Suzhou Liangda**”), an indirect majority-owned subsidiary of our Company, entered into a cooperative development agreement with Wuxi Purong Business Management Co., Ltd. (無錫璞融企業管理有限公司) (“**Wuxi Purong**”), pursuant to which Suzhou Liangda agreed to acquire 40% of equity interest in Wuxi Xiangrong Property Co., Ltd. (無錫向融置業有限公司) (“**Wuxi Xiangrong**”) by way of capital injection. It was the intention of the parties to jointly develop the land parcel held by Wuxi Xiangrong. The total amount of consideration was RMB14,000,000, which was determined based on the registered capital of Wuxi Xiangrong. Suzhou Liangda also agreed to bear 40% of the cost of land parcel held by Wuxi Xiangrong, tax, transaction fees and costs to be incurred in the property project in proportion to its equity interest in Wuxi Xiangrong. As of the Latest Practicable Date, our Company indirectly holds 40% of equity interest in Wuxi Xiangrong and it has been accounted for as a joint venture of our Company.

Based on the following reasons in relation to the Post-Track Record Period Acquisitions, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules:

- (a) **Our Group has entered into the Post-Track Record Period Acquisitions in its ordinary and usual course of business:** Our Group had entered into the Post-Track Record Period Acquisitions in its ordinary and usual course of business. The purpose of the Post-Track Record Period Acquisitions was to obtain land use rights and/or other rights to assets held by each of the target companies, so as to enable our Group to further develop property projects and broadening its revenue base. It is not uncommon in the PRC for real estate companies to acquire land use rights by directly or indirectly acquiring the company holding the interest of the land. The basis for determining the consideration of each of the Post-Track Record Period Acquisitions is through arm’s length negotiations between the parties and on normal commercial terms with reference to various factors, including the cost of the land and registered capital of the target company. Our Directors believe that the terms of each of the Post-Track Record Period Acquisitions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

- (b) **Immateriality of the Post-Track Record Period Acquisitions:** The scale of the businesses operated by each of the target companies, as compared to that of our Group is not material. Based on the financial information of the target companies available to our Company (i.e. the unaudited management accounts), each of the assets ratio, revenue ratio and profits ratio of each of the Post-Track Record Period Acquisitions by reference to the most recent financial year of the Track Record Period (i.e. the year ended December 31, 2018), where available, is below 5%.

In addition, notwithstanding that each of the Post-Track Record Period Acquisitions represents suitable strategic acquisition target of our Group, it is expected that none of the target companies will constitute a material subsidiary of our Company. As such, an exemption from compliance with the requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules would not prejudice the interests of the investing public.

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- (c) **The audited historical financial information is either not available, or undue burden will be imposed to prepare audited historical financial information of the target companies:** Since Changzhou Jincheng, Nanchang Jiaping, Liang'an Shengshi, Rui'an Xinyu Hengjin, Jingjiang Zhongliangyu, Quanzhou Hongguang and Wuxi Xiangrong were established in 2019, no audited historical financial information for the year ended December 31, 2018 is available for these target companies.

While the Ningbo Yunmao Acquisition, the Yantai Anguang Acquisition, the Zhuji Xiangsheng Xiangjun Acquisition and the Plenty Thrive Acquisition were not completed as of the Latest Practicable Date, we do not have access to all of the necessary historical financial information of each of Ningbo Yunmao, Yantai Anguang, Zhuji Xiangsheng Xiangjun and Plenty Thrive to prepare its audited accounts to satisfy the Relevant Requirements. While the Shandong Mingyao Acquisition, the Zhengzhou Lvchen Acquisition, the Yuhuan Hongjin Acquisition, the Hangzhou Kunsheng Acquisition, the Hangzhou Zhehan Acquisition and the Hangzhou Junhui Acquisition were only completed recently, we do not have full and immediate access to, and despite our best efforts, encountered genuine practical difficulties in obtaining, in a short period of time, all of the necessary historical financial information of each of Shandong Mingyao, Zhengzhou Lvchen, Yuhuan Hongjin, Hangzhou Kunsheng, Hangzhou Zhehan and Hangzhou Junhui to prepare its audited accounts to satisfy the Relevant Requirements. In respect of Shandong Mingyao and Zhengzhou Lvchen, we have commenced the preparation of the audited historical financial information since January 2019. Given that longer time is required to prepare the audited financial information due to large volume of documents involved in the process of audit including but not limited to land acquisitions, tax and related parties transactions, our Company has encountered practical difficulties in completing the audit works by the Listing Date. Moreover, even if we did get such financial information of these target companies, it will require considerable time and resources for our Company to familiarize with the management accounting policies of all target companies and prepare the accounts and for its reporting accountant to perform the audit of the accounts to satisfy the Relevant Requirements. As such, it would be impracticable and unduly burdensome to our Company to disclose the audited financial information of all such target companies as required under Rules 4.04(2) and 4.04(4) of the Listing Rules.

- (d) **Disclosure of necessary information in the listing document:** With a view to allowing the potential investors to understand the Post-Track Record Period Acquisitions in greater details, our Company has included in this prospectus the following information in relation to each of the Post-Track Record Period Acquisitions, which is comparable to the information that is required to be included in the announcement of a disclosable transaction under Chapter 14 of the Listing Rules, including (i) general description of the scope of principal business activities of the target company and the seller(s); (ii) financial information of the target companies; (iii) the consideration of the transaction; (iv) the basis on which the consideration was determined; (v) how the consideration was or is to be satisfied and the payment terms; and (vi) reasons for and benefits of the transaction. For details, see "Our History, Reorganization and Corporate Structure — Post-Track Record Period Acquisitions" in this prospectus.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

As the consideration with respect to each of the Post-Track Record Period Acquisitions has been or will be fully settled in cash utilizing internal resources of our Company, we do not expect to apply any proceeds from the Listing to finance any of the Post-Track Record Period Acquisitions.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions that will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted to us, waivers from strict compliance with certain requirements under Chapter 14A of the Listing Rules in relation to certain continuing connected transactions between us and certain connected persons. See “Connected Transactions.”

WAIVER IN RELATION TO PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules generally requires that at least 25% of an issuer’s total number of issued shares must at all times be held by the public. However, Rule 8.08(1)(d) of the Listing Rules provides that the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if an issuer meets the following requirements under Rule 8.08(1)(d) of the Listing Rules:

- (a) the issuer will have an expected market capitalization at the time of listing of over HK\$10 billion;
- (b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;
- (c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document;
- (d) the issuer will confirm the sufficiency of the public float in successive annual reports after listing; and
- (e) a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

To maintain the flexibility of a lower public float upon and after listing, we have applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 8.08(1)(a) of the Listing Rules and that the minimum percentage of the Shares from time to time held by the public will be the highest of:

- (a) 15.84% of the total issued share capital of our Company;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (b) such percentage of Shares to be held by the public immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised); or
- (c) such percentage of Shares to be held by the public after the exercise of the Over-allotment Option.

In support of the application, we confirmed to the Stock Exchange that:

- (a) it is currently expected that the Company will have a market capitalization of approximately HK\$18,356.0 million to HK\$23,580.4 million at the time of Listing (if making a full Downward Offer Price Adjustment, the Company will have a market capitalization of approximately HK\$16,520.4 million at the time of Listing) (i.e. giving effect to the completion of the Global Offering but without taking into account the Shares pursuant to the exercise of the Over-allotment Option, the options which may be granted under the Post-IPO Share Option Scheme and those which may be allotted and repurchased by our Group pursuant to the general mandates granted to our Directors to issue or repurchase Shares). Thus, the proposed market capitalization of our Company upon the completion of the Listing is expected to meet the minimum level required by Rule 8.08(1)(d) of the Listing Rules and therefore satisfies the market capitalization requirement for a lower public float;
- (b) there will be an open market in the Shares and that the number of Shares concerned and the extent of their distribution would enable the market to operate properly with only 15.84% of the total number of issued Shares of our Company in public hands from time to time;
- (c) we will undertake to make appropriate disclosure of the lower prescribed percentage of public float of our Company in this prospectus and to confirm the sufficiency of the public float in successive annual reports after Listing; and
- (d) we will comply with Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of Listing. We will also implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float prescribed by the Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

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

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

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Sole Representative. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Representative (for itself and on behalf of the other Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date, subject to the agreement on the final Offer Price between our Company and the Sole Representative (for itself and on behalf of the other underwriters).

If, for any reason, the Offer Price is not agreed among our Company and the Sole Representative (for itself and on behalf of the other Underwriters), the Global Offering will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangements, please see the section headed "Underwriting" in this prospectus.

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

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROCEDURES FOR APPLICATION FOR THE HONG KONG OFFER SHARES

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

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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

OVER-ALLOTMENT OPTION AND STABILIZATION

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

DOWNWARD OFFER PRICE ADJUSTMENT

We have reserved the right to make a Downward Offer Price Adjustment to provide flexibility in pricing the Offer Shares. The ability to make a Downward Offer Price Adjustment does not affect our obligation to issue a supplemental prospectus and to offer investors a right to withdraw their applications if there is material change in circumstances not disclosed in this prospectus.

If it is intended to set the final Offer Price at more than 10% below the low end of the indicative Offer Price range, the Withdrawal Mechanism will be applied if the Global Offering is to proceed.

RESTRICTIONS ON OFFERS AND SALES OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus 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 general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares are not under public offering or sale, directly or indirectly, in China or the U.S.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

exercise of the Over-allotment Option) and the Shares which may be issued pursuant to the exercise of the options which may be granted under the Post-IPO Share Option Scheme.

No part of our equity or debt securities 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.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, July 16, 2019, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, July 16, 2019. The Shares will be traded in board lots of 500 Shares each. The stock code of the Shares will be 2772.

Our Company will not issue any temporary documents of title.

Dealings in our Shares on the Stock Exchange will be effected by participants of the Stock Exchange whose bid and offer quotations will be made available on the Stock Exchange's teletext page information system. Delivery and payment for the Offer Shares dealt on the Stock Exchange will be effected two trading days following the transaction date ("T+2"). 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. Only certificates for our Shares registered on the branch register of members of our Company in Hong Kong will be valid for delivery in respect of transactions effected on the Stock Exchange. If you are unsure about the procedures for dealings and settlement arrangement on the Stock Exchange on which our Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisers.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

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

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, agents, employees or advisers or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our principal register of members will be maintained by our principal share registrar, Walkers Corporate Limited, in the Cayman Islands, and our branch register of members will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

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

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

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our Shares will be paid to the Shareholders listed on our branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named Shareholder therein in accordance with the Articles of Association.

CSRC APPROVAL AND OTHER RELEVANT PRC AUTHORITIES APPROVAL

The Listing does not require the approval of the CSRC or any other PRC government authorities under the current PRC laws, regulations and rules.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in RMB and US\$ have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following exchange rates: HK\$1.00: RMB0.8800 and US\$1.00: HK\$7.8318.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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

ROUNDING

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

LANGUAGE

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

OTHER

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

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

| <u>Name</u> | <u>Residential Address</u> | <u>Nationality</u> |
|--|---|--------------------|
| Executive Directors | | |
| YANG Jian (楊劍) | Room 2702, Block B Hongxiang Jinyuan, Jiangbin West Road Anlan Community, Wuma Street Lucheng District, Wenzhou Zhejiang, China | Chinese |
| HUANG Chunlei (黃春雷) | Room 1203, Block 42 Bayside Garden Suzhou Industrial Park Suzhou, China | Chinese |
| XU Liangqiong (徐亮瓊) | Room 304, Block 5 Wuhuan Garden, Qingyuan Road Hongyuan Community Binjiang Street, Lucheng District Wenzhou, China | Chinese |
| LING Xinyu (凌新宇) | Room 2103, Block 30 Lake Zuo'an Garden Suzhou Industrial Park Suzhou, China | Chinese |
| Independent Non-Executive Directors | | |
| WANG Kaiguo (王開國) | No. 3, Lane 133 Honggu Road Shanghai, China | Chinese |
| WU Xiaobo (吳曉波) | Room 101, Unit 2, Block 6 Huayuanxincun North Xihu District Hangzhou, China | Chinese |
| AU YEUNG Po Fung (歐陽寶豐) | Flat F, 28/F, Block 2 Broadview Court 11 Sham Wan Road Hong Kong | Chinese |

Further information about the Directors and other senior management members are set out in the section headed “Directors, Senior Management and Employees” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor

CCB International Capital Limited

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

Joint Global Coordinators

CCB International Capital Limited

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

Guotai Junan Securities (Hong Kong) Limited

27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Joint Bookrunners

CCB International Capital Limited

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

Guotai Junan Securities (Hong Kong) Limited

27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited

Room 5801-05, 58/F, The Center
99 Queen's Road Central
Hong Kong

Nomura International (Hong Kong) Limited

30/F, Two International Finance Centre
8 Finance Street
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ABCI Capital Limited

11/F, Agricultural Bank of China Tower
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DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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ICBC International Capital Limited

37/F, ICBC Tower
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CCB International Capital Limited

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Huatai Financial Holdings (Hong Kong) Limited

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GLAM Capital Limited

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Wan Lung Securities Limited

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Kilmorey Securities Limited

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Central, Hong Kong

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As to PRC laws:

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Industry Consultant

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Independent Property Valuer

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Receiving Banks

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1 Garden Road
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
15/F Standard Chartered Tower
388 Kwun Tong Road
Hong Kong

CORPORATE INFORMATION

| | |
|---|---|
| Registered Office | Walkers Corporate Limited Cayman Corporate Centre 27 Hospital Road George Town Grand Cayman KY1-9008 Cayman Islands |
| Head Office in the PRC | 20/F, No.3 Shanghai Convention & Exhibition Center of International Sourcing 235 Yunling East Road Putuo District, Shanghai China |
| Principal Place of Business in Hong Kong | Suite 1506, ICBC Tower 3 Garden Road, Central Hong Kong |
| Company's Website | <u>www.zldcgroup.com</u> <i>(The information on the website does not form part of this prospectus)</i> |
| Company Secretary | Mr. YEUNG Tak Yip (CPA) Flat C, 2/F, Block 2 Broadview Garden Tsing Yi, New Territories Hong Kong |
| Authorized Representatives | Mr. XU Liangqiong Room 304, Block 5 Wuhuan Garden, Qingyuan Road Hongyuan Street Binjiang Street, Lucheng District Wenzhou, China Mr. YEUNG Tak Yip (CPA) Flat C, 2/F, Block 2 Broadview Garden Tsing Yi, New Territories Hong Kong |
| Audit Committee | Mr. AU YEUNG Po Fung (Chairman) Mr. WANG Kaiguo Mr. WU Xiaobo |
| Remuneration Committee | Mr. WU Xiaobo (Chairman) Mr. YANG Jian Mr. AU YEUNG Po Fung |
| Nomination Committee | Mr. YANG Jian (Chairman) Mr. WANG Kaiguo Mr. WU Xiaobo |

CORPORATE INFORMATION

**The Cayman Islands Principal
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Hong Kong Share Registrar

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Compliance Advisor

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Industrial Park
Suzhou, Jiangsu
PRC

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The information and statistics set forth in this section and elsewhere in this prospectus have been derived from various official and government publications, publicly available market research sources and an industry report commissioned by us and independently prepared by China Index Academy in connection with the Global Offering. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading in any material respect. None of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any other party involved in the Global Offering or their respective directors, advisers and affiliates have independently verified such information and statistics. Accordingly, none of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, other party involved in the Global Offering or their respective directors, advisers and affiliates makes any representation as to the correctness or accuracy of such information and the statistics contained in this prospectus, which may be inaccurate, incomplete, out-of-date or inconsistent with other information compiled within or outside the PRC. Certain information and statistics included, including those excerpted from official and government publications and sources in China, may not be consistent with other information and statistics compiled within or outside China by third parties.

SOURCES OF INFORMATION

In connection with the Global Offering, we commissioned China Index Academy, an independent third party and an experienced property research institution in the PRC, to prepare the China Index Academy Report as to the real estate markets in China and the regions and cities in which we currently operate. We paid a total consideration of RMB0.8 million for this report, which we believe is in line with the market rate.

China Index Academy is the leading independent property research institution with offices in 75 cities nationwide. Currently, China Index Academy has more than 600 experienced research analysts covering real-time property transaction data in more than 600 cities across China. China Index Academy has prepared the industry report based on its self-developed database, CREIS China Index Database (“CREIS 中指數據”), the database of fdc.fang.com and various government publications. These databases and government publications have been widely used and relied upon in the PRC real estate market. China Index Academy established the PRC Real Estate Top 10 Research Team jointly with Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業研究所) and the Property Research Institute Tsinghua University (清華大學房地產研究所) which is dedicated to evaluate PRC real estate developers and releases reports with respect to top 100 real estate developers in terms of comprehensive development capacity in China every year, based on various assumptions and factors, covering over 30 elements under 7 categories, namely scale, profitability, growth, stability, financing capacity, operating efficiency and social responsibility. China Index Academy releases an industry report regarding top 100 real estate enterprises in China every year based on the previous year’s market insights. For purpose of this prospectus, we refer to this research team as PRC Real Estate Top 10 Research Team.

While preparing the industry report and regional ranking information, China Index Academy has relied on the assumptions that (i) all published data by the Statistics Bureaus are accurate; (ii) all collected information

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relating to residential sales transactions from the relevant local housing administrative bureaus are accurate; and (iii) where subscribed data is obtained from renowned public institutions, China Index Academy has relied upon the expertise of such institutions.

Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the China Index Academy Report and up to the Latest Practicable Date, which may qualify, contradict or have an impact on the information as disclosed in this section.

OVERVIEW OF THE PRC ECONOMY

China has experienced stable economic growth over the last decade and the fixed assets investments have been accelerated accordingly during the same periods. The PRC economic development has transitioned from one that focused on scale and speed of its growth to one that focuses on the quality and efficiency of the development. In 2018, the real GDP growth rate was 6.6%, indicating an upward and stable economic growth. The economic growth in the past several years are attributable to the increase in the deepening urbanization, governmental policies stimulating economic growth, as well as the deepening economic restructuring. Urbanization is one of the drivers for domestic economic growth. Various favorable governments' policies are implemented which are more focusing on the promotion of new-type human-centered urbanization and the improvement of the quality of urbanization. In particular, in 2011, total urban population exceeded total rural population for the first time. China's urbanization has been accelerating and in 2018, the urbanization rate was 59.6%, representing a year-over-year growth of 1.1 percentage points from 2017.

The stable growth of the PRC economy and the acceleration of urbanization process have contributed to the continuous increase in the per capita disposable income of urban households.

The following table sets forth selected economic statistics for the PRC for the periods indicated:

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Nominal GDP (RMB billion) | 59,524 | 64,397 | 68,905 | 74,359 | 82,712 | 90,031 | 8.6% |
| Real GDP growth rate (%) | 7.8 | 7.3 | 6.9 | 6.7 | 6.9 | 6.6 | N/A |
| Fixed asset investment (RMB billion) | 44,629 | 51,202 | 56,200 | 60,647 | 63,168 | 63,564 | 7.3% |
| Population (million) | 1,361 | 1,368 | 1,375 | 1,383 | 1,390 | 1,395 | 0.5% |
| Urbanization rate (%) | 53.7 | 54.8 | 56.1 | 57.4 | 58.5 | 59.6 | N/A |
| Per capita disposable income of urban households (RMB) | 26,467 | 28,844 | 31,195 | 33,616 | 36,396 | 39,251 | 8.2% |

Source: National Bureau of Statistics

THE PRC REAL ESTATE MARKET

Overview

The stable growth of the PRC economy, and the increases in the population in urban areas as well as the per capita disposable income of urban households have set the solid foundation for the development of the real

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estate industry in the PRC. The demand for real estate properties, especially residential properties, remained relatively high.

Despite the macro-control policies recently adopted by the PRC government with the aim of regulating overheated speculative real property investment and increasing the supply of affordable residential properties, total investment in the PRC property market still increased from approximately RMB8,601 billion in 2013 to RMB12,026 billion in 2018, representing a CAGR of 6.9%. Among others, sales of residential properties increased at a CAGR of 13.3% and 5.0%, respectively, from 2013 to 2018 in terms of dollar amount and total GFA. In 2018, total sales of residential properties amounted to RMB12,645 billion, representing a year-over-year increase of 14.7% from 2017 and recording a historical high growth rate, and the total GFA sold amounted to approximately 1,480 million sq.m. with a year-over-year increase of 2.2% from 2017.

Major Growth Drivers

China Index Academy estimated that the PRC real estate market will continue to grow, which is mainly driven by the following factors:

Economic growth. China's economy is entering into a "new normal" period, generally meaning a stable and moderate growth. In recent years, the PRC economic development has transitioned from one that focused on scale and speed of its growth to one that focuses on the quality and efficiency of the development. The development of real estate market remains as a significant impetus during such transition.

Strong demands. Continuous urbanization has translated into an increase in the urban population in China, together with the increasing per capita disposable income of urban households, presenting an acceleration of strong demands for properties. In addition, the third generation of "baby boomers" in China after 1949 has reached their 30s, becoming the main force of the first-time home purchasers.

Favorable political impacts. After several rounds of real estate control measures by the central and local governments, the real estate market in China has normalized to the track of reasonable and stable development. In addition, policy makers have accumulated experiences to implement policies that are more suitable for local markets. With the goal of improving the living conditions of the residents in rural or impoverished regions, the PRC government has issued the Opinions on Accelerating the Redevelopment of Shantytown Area (關於加快棚戶區改造工作的意見) (the "**Shantytown Redevelopment Policies**") in 2013. Such redevelopment primarily involves large scale government-initiated demolishing of old shantytown houses and the construction of new houses with better dwelling quality. On April 25, 2014, the People's Bank of China introduced pledged supplementary loan to provide a stable source of capital for the Shantytown Redevelopment Policies, under which the People's Bank of China provided loans to policy banks, which in turn granted loans to local governments to fund the monetary compensation to the households affected by Shantytown Redevelopment Policies. According to Regulations on the Expropriation of Buildings on State-owned Land and Compensation (國有土地上房屋徵收與補償條例), the persons whose houses are to be expropriated may choose to be compensated by monetary compensation or property rights exchange. The monetary compensation to be paid to the affected households was generally determined with reference to the market price per sq.m. of the properties

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in the neighborhood of the expropriated property and the floor area of the expropriated property (subject to minimum compensatable floor area determined by the local governments). In addition, local governments provided various additional subsidies to the affected households. These additional subsidies included (i) subsidies to the affected households who chose to be compensated by monetary compensation; (ii) subsidies to the affected households who moved out within a specific period of time; (iii) compensation floors for monetary compensation with reference to minimum compensatable floor area determined by the local governments; and (iv) specific discount on the purchase price and deed tax refund if the monetary compensation was used to purchase a flat within a specific period of time. As a result of the pledged supplementary loan, the monetary compensation and additional subsidies mentioned above, the shantytown monetization resettlement ratio (i.e. the ratio of the households compensated by monetary compensation and the total number of households resettled under the Shantytown Redevelopment Policies) had been increased from 9% in 2014 to over 50% in 2017. In some third- and fourth-tier cities, their shantytown monetization resettlement ratio had reached 80%. The monetary compensation and additional subsidies provided by the local governments led to an increase in number of households which had sufficient purchasing power to purchase new flats in third- and fourth-tier cities in a short period of time. As a result, the demand of residential units in third- and fourth-tier cities increased. Moreover, since 2015, the PRC government has continued to implement deepened policies with respect to the redevelopment of resettlement housing, which is expected to improve the citizens' living standards and enhance public facilities, in turn, improve the quality of the entire real estate market and future growth potentials. During the three years between 2015 and 2017, China had secured the completion of redevelopment of 18 million shantytown houses. On July 6, 2018, the State Council issued the Notice on Launching the Supervision of the State Council in 2018 (關於開展2018年國務院大督查的通知), which confirmed the action plan to commence the redevelopment of 15 million shantytown houses from 2018 to 2020, a slight downsize from the previously announced plans.

Nevertheless, it has been recently reported by the public media that the shantytown redevelopment has started to slow down. For example, certain provinces, such as Shanxi, Henan, Sichuan and Anhui, have recently announced their 2019 provincial shantytown redevelopment plans, each showing a downsize from their respective 2018 plans of such province. However, such slowdown will only affect the property markets in certain third- and fourth-tier cities adjacent to first-tier cities, where substantial upsurge of property price was recorded, and the Shantytown Redevelopment Policies will continue to be implemented in third- and fourth-tier cities where swift redevelopment is necessary. In addition, the property markets in third- and fourth-tier cities in the Yangtze River Delta and the Pearl River Delta have been supported by its population and industries therein. As such, the property markets in these two economic regions will still receive strong demand.

Recent Development of PRC Real Estate Policies

The PRC real estate market is subject to extensive government regulation. The PRC government exerts considerable direct and indirect influence on the development of the PRC real estate sector by promulgating laws and regulations and imposing industry policies and other economic measures. Over the past few years, in order to avoid over-heating of the real estate market, the PRC government has promulgated various restrictive control measures to stabilize housing prices, including restrictions on real estate developers in connection with land acquisition and financing availability. Such policies intend to optimize the structural improvement of land and property supply in the PRC. Meanwhile, the central and local governments have also promulgated long-term

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mechanism to further improve the supply structure of residential properties, such as the deepening promotion of rental apartments and housing properties with co-ownership. It is expected that such restrictive controls will generally continue, and to this end, local governments are expected to adopt various detailed measures that best suit its respective real estate market. See “Regulatory Overview” in this prospectus for more details.

Competitive Landscape

Real estate market in the PRC is highly fragmented and competitive. The number of real estate companies with annual contracted sales over RMB10 billion in the PRC increased from 144 in 2017 to 156 in 2018. In particular, the number of real estate companies with annual contracted sales over RMB50 billion but less than RMB500 billion increased by 22 from 2017 to 2018, evidencing the continuous fast growth of top tier companies. Meanwhile, the number of real estate companies with annual contracted sales over RMB10 billion but less than RMB50 billion declined by 10 over the same period. Industry consolidation further accelerates the competition. In 2017, the total contracted sales of the top 100 real estate developers in China amounted to RMB6,376.1 billion, reaching an aggregate market share of 47.7%, representing a year-over-year increase of 7.9 percentage points from 2016.

Despite the intensive competition, the leading real estate companies strived to remain and further advance their leadership. The aggregate market share of the top 10 real estate developers in terms of comprehensive capacities increased from 18.2% in 2016 to 24.0% in 2017, while the top 30 developers’ aggregate market share increased from 27.0% in 2016 to 36.4% in 2017, each by total contracted sales in the relevant year. The average market share of these top 30 developers was 2.5 times larger than that of the top 100 real estate developers.

The aggregate market share of the top 10 real estate developers in terms of contracted sales was 26.9% in 2018. The following table sets forth the respective market share of each of the top 10 real estate developers in terms of contracted sales in 2018.

| <u>Ranking</u> | <u>Company</u> | <u>Contracted Sales (in RMB billions)</u> | <u>Market Share in 2018</u> |
|----------------|----------------|---|-----------------------------|
| 1 | Company A | 714.6 | 4.8% |
| 2 | Company B | 607.0 | 4.0% |
| 3 | Company C | 551.3 | 3.7% |
| 4 | Company D | 465.0 | 3.1% |
| 5 | Company E | 404.8 | 2.7% |
| 6 | Company F | 387.5 | 2.6% |
| 7 | Company G | 264.4 | 1.8% |
| 8 | Company H | 221.1 | 1.5% |
| 9 | Company I | 210.7 | 1.4% |
| 10 | Company J | 200.6 | 1.3% |
| Total | | <u>4,027.0</u> | <u>26.9%</u> |

Source: China Index Academy Report

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Nevertheless, the real estate market in the PRC is still highly fragmented, and therefore, has large potentials. In 2017, the market share of any single market player is relatively low with an average of 0.48% of the top 100 real estate companies in terms of total sales.

There are certain barriers to enter into the PRC property development market, including the capital barrier, economy of scale barrier, and product barrier. Property developments require various resources and expertise including intensive capital investment and differentiated product offering. Major real estate developers also enjoy economies of scale based on their brand value, product, capital and geographic distribution.

Our Market Position

Starting from a regional real estate developer focusing on the Yangtze River Delta Economic Region, Zhongliang Holdings Group Company Limited has achieved a significant and rapid growth over the past several years. It was also one of the top 10 real estate developers in terms of growth (evaluated by China Index Academy by referring to the growth rates of the relevant real estate developers' contracted sales, revenue as well as land bank in the past three years) and financing capability (evaluated by China Index Academy by referring to the relevant real estate developers' newly obtained banking facilities and cash flows from financing activities in the past three years) in China in 2018, respectively. Its growth rate of contracted sales in 2016, 2017 and 2018 was 128.3 percentage points, 108.6 percentage points and 44.2 percentage points, respectively, higher than the average industry performance in the same periods.

Leveraging its fast growth and nationwide expansion, the market share of Zhongliang Holdings Group Company Limited in the PRC real estate market in terms of total contracted sales increased from approximately 0.25% in 2016 to approximately 0.49% in 2017, with the ranking increased from 41st in 2016 to 33rd in 2017 among all real estate developers in China. The market share of Zhongliang Holdings Group Company Limited further increased to approximately 0.68% in 2018 and its ranking further increased to 30th in 2018.

In addition, the majority land bank of Zhongliang Holdings Group Company Limited during the Track Record Period and up to the Latest Practicable Date was located in the Yangtze River Delta Economic Region, which has been one of the most attractive regional real estate markets in China. For 2015, 2016 and 2017, total residential GFA sold in the Yangtze River Delta Economic Region amounted to approximately 260.0 million sq.m., 337.4 million sq.m. and 347.0 million sq.m., respectively, accounting for approximately 20.2%, 21.4% and 20.5%, respectively, of total residential GFA sold in China in the relevant periods. In 2018, total residential GFA sold in the Yangtze River Delta Economic Region was approximately 350.4 million sq.m. The Yangtze River Delta Economic Region has always been the strategic focus of Zhongliang Holdings Group Company Limited, and for 2016, 2017 and 2018, the market share of Zhongliang Holdings Group Company Limited in the Yangtze River Delta Economic Region in terms of residential GFA sold was approximately 0.39%, 1.56% and 2.38%, respectively, in such region.

Geographic Presence of Zhongliang Holdings Group Company Limited

As of December 31, 2018, Zhongliang Holdings Group Company Limited had established operation in 117 cities in five regions in the PRC, including 31 cities in the Yangtze River Delta Economic Region, 52 cities in the

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Midwest China Economic Region, 14 cities in the Pan-Bohai Economic Rim, 12 cities in the Western Taiwan Straits Economic Zone and 8 cities in the Pearl River Delta Economic Zone. These five regions are the most economically active regions in China with prominent potentials.

REAL ESTATE MARKET OF SELECTED CITIES IN THE PRC

The following discussion provides certain information relating to selected cities in each of the five core economic regions in China where Zhongliang Holdings Group Company Limited has located its property projects, based on the city's revenue contribution and land bank contribution to Zhongliang Holdings Group Company Limited as well as the city's ranking in terms of attractiveness to investors recognized by China Index Academy.

The Yangtze River Delta Economic Region

Hangzhou

Hangzhou is the capital city of Zhejiang Province and the political, economic, cultural, educational, transportation and financial center of Zhejiang Province. It is one of the central cities of the Yangtze River Delta Economic Region. As of December 31, 2018, Hangzhou had a total land area of approximately 16,596 million sq.m. and a total population of approximately 9.8 million with the urbanization rate of 77.4%. Hangzhou is among the top 10 cities in China in terms of nominal GDP over the past several years and it recorded a real GDP growth rate of 6.7% in 2018. The stable development of Hangzhou attracts talents from all over the country and the world. The talent inflow rate, including the overseas talents, of Hangzhou ranked first in China in 2018. The following table sets forth selected economic indicators of Hangzhou for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Nominal GDP (RMB billion) | 834 | 921 | 1,005 | 1,131 | 1,260 | 1,351 | 10.1% |
| Real GDP growth rate (%) | 8.0 | 8.2 | 10.2 | 9.5 | 8.1 | 6.7 | N/A |
| Fixed asset investment (RMB billion) | 426 | 495 | 556 | 584 | 586 | 649 | 8.8% |
| Population (million) | 8.8 | 8.9 | 9.0 | 9.2 | 9.5 | 9.8 | 2.1% |
| Urbanization rate (%) | 74.9 | 75.1 | 75.3 | 76.2 | 76.8 | 77.4 | N/A |
| Per capita disposable income of urban households (RMB) | 39,310 | 44,632 | 48,316 | 52,185 | 56,276 | 61,172 | 9.3% |

Source: China Index Academy Report

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Demands for residential properties in Hangzhou remain strong. The real estate market in Hangzhou has experienced a stable growth with total real estate investments of approximately RMB307 billion in 2018, recording a double-digit CAGR growth from 2013 to 2018. Investments in residential properties accounted for over 63% of the total real estate investments in 2018. Complete GFA and GFA underdevelopment generally increased from 2012 and 2018, while the ASP of residential properties increased to RMB24,360 per sq.m. in 2018, representing a CAGR of 10.7% from RMB14,679 per sq.m. in 2013. The following table sets forth certain indicators relating to the residential property market in Hangzhou for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Residential properties | | | | | | | |
| Total sales (RMB billion) | 142 | 134 | 191 | 306 | 323 | 324 | 17.9% |
| Total GFA sold (million sq.m.) | 9.7 | 9.5 | 12.9 | 18.9 | 15.2 | 13.3 | 6.5% |
| ASP (RMB/sq.m.) | 14,679 | 14,035 | 14,748 | 16,211 | 21,226 | 24,360 | 10.7% |

Source: China Index Academy Report

Suzhou

Suzhou is an economic, trade, logistic, financial, education and transportation center of Jiangsu Province. It is one of the important central cities of the Yangtze River Delta Economic Region and is also one of the cities with the strongest economic strength in Jiangsu Province. As of December 31, 2018, Suzhou had a total land area of approximately 8,488.4 million sq.m. and a total population of approximately 10.7 million with the urbanization rate of 76.0%. Suzhou's economy has developed steadily in recent years, with its nominal GDP grew at a CAGR of 7.4% from 2013 to 2018. The level of disposable income of its citizens has increased at a CAGR of 9.1% during the same period and their living standards also improved. The following table sets forth selected economic indicators of Suzhou for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Nominal GDP (RMB billion) | 1,302 | 1,376 | 1,450 | 1,540 | 1,732 | 1,860 | 7.4% |
| Real GDP growth rate (%) | 9.6 | 8.3 | 7.5 | 7.5 | 7.1 | 7.4 | N/A |
| Fixed asset investment (RMB billion) | 600 | 623 | 612 | 565 | 560 | 456 | (5.4)% |
| Population (million) | 10.6 | 10.6 | 10.6 | 10.7 | 10.7 | 10.7 | 0.3% |
| Urbanization rate (%) | 73.2 | 74.0 | 74.9 | 75.5 | 76.1 | 76.0 | N/A |
| Per capita disposable income of urban households (RMB) | 41,143 | 46,677 | 50,400 | 54,432 | 58,750 | 63,481 | 9.1% |

Source: China Index Academy Report

INDUSTRY OVERVIEW

The real estate market in Suzhou grew stably in recent years with total real estate investments increased from RMB141.4 billion in 2013 to RMB255.8 billion in 2018, representing a CAGR of 12.6%. Among others, in 2018, investments in residential properties accounted for over 82% of total real estate investments, reaching the highest level in history. The ASP of residential properties increased at a CAGR of 11.3% from 2013 to 2018. The following table sets forth certain indicators relating to the residential property market in Suzhou for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Residential properties | | | | | | | |
| Total sales (RMB billion) | 155 | 139 | 201 | 307 | 260 | 290 | 13.4% |
| Total GFA sold (million sq.m.) | 16.3 | 14.5 | 19.4 | 22.6 | 16.9 | 17.9 | 1.9% |
| ASP (RMB/sq.m.) | 9,479 | 9,639 | 10,335 | 13,596 | 15,415 | 16,212 | 11.3% |

Source: China Index Academy Report

Ningbo

Ningbo is one of the economic centers of Zhejiang Province and has the fourth largest port in the world. It is also one of the central cities of the Yangtze River Delta Economic Region and among the top 15 central cities in China in terms of comprehensive development level. As of December 31, 2018, Ningbo had a total land area of approximately 9,816 million sq.m. and a total population of over 8.2 million with the urbanization rate of 72.9%. Ningbo is endeavored to establish itself as an international port city and its economy has been grew rapidly in the past several years. In 2018, its nominal GDP grew at a CAGR of 8.6% from 2013 to 2018. In addition, Ningbo has been restructuring its economy by actively promoting strategic innovative industries, high and new-technology industry and machine manufacturing industry. Citizens' disposable income has also increased by approximately 7.6% from 2013 to 2018. The following table sets forth selected economic indicators of Ningbo for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Nominal GDP (RMB billion) | 713 | 761 | 800 | 869 | 985 | 1,075 | 8.6% |
| Real GDP growth rate (%) | 7.6 | 7.6 | 8.0 | 7.1 | 7.8 | 7.0 | N/A |
| Fixed asset investment (RMB billion) | 342 | 399 | 451 | 496 | 501 | 519 | 8.7% |
| Population (million) | 7.7 | 7.8 | 7.8 | 7.9 | 8.0 | 8.2 | 1.4% |
| Urbanization rate (%) | 69.8 | 70.3 | 71.1 | 71.9 | 72.4 | 72.9 | N/A |
| Per capita disposable income of urban households (RMB) | 41,729 | 44,155 | 47,852 | 51,560 | 55,656 | 60,134 | 7.6% |

Source: China Index Academy Report

INDUSTRY OVERVIEW

The real estate market of Ningbo presented a stable performance during recent years, and the total real estate investments increased at a CAGR of 7.2% from 2013 to 2018. The market of residential properties has been remarkably active. Total investments in residential properties increased at a CAGR of 11.4% from 2013 to 2018 while the sales of residential properties increased at a CAGR of 26.0% over the same period. The following table sets forth certain indicators relating to the residential property market in Ningbo for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Residential properties | | | | | | | |
| Total sales (RMB billion) | 66 | 65 | 93 | 132 | 182 | 211 | 26.0% |
| Total GFA sold (million sq.m.) | 5.8 | 6.0 | 8.5 | 11.3 | 12.8 | 13.0 | 17.5% |
| ASP (RMB/sq.m.) | 11,405 | 10,890 | 11,022 | 11,738 | 14,145 | 16,202 | 7.3% |

Source: China Index Academy Report

Wenzhou

Wenzhou is one of the regional central cities of Zhejiang Province and one of the 14 coastal cities to open up to foreign investments during the Chinese reform and opening-up period. As of December 31, 2018, Wenzhou had a total land area of approximately 12,065 million sq.m. and a total population of approximately 9.3 million. Wenzhou has been improving and optimizing its economic structure by shifting from industry to services. Its GDP growth rate remained at a high level of over 7.8% in 2018 from 2017 and its nominal GDP reached RMB601 billion in 2018. Its per capita disposable income of urban households increased at a CAGR of 8.2% from 2013 to 2018. The following table sets forth selected economic indicators of Wenzhou for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Nominal GDP (RMB billion) | 400 | 430 | 462 | 510 | 545 | 601 | 8.5% |
| Real GDP growth rate (%) | 7.2 | 7.2 | 8.3 | 8.4 | 8.4 | 7.8 | N/A |
| Fixed asset investment (RMB billion) | 262 | 305 | 346 | 391 | 418 | 452 | 11.5% |
| Population (million) | 9.2 | 9.1 | 9.1 | 9.2 | 9.2 | 9.3 | 0.1% |
| Urbanization rate (%) | 67.0 | 67.2 | 68.0 | 69.0 | 69.7 | 70.0 | N/A |
| Per capita disposable income of urban households (RMB) | 37,852 | 40,510 | 44,026 | 47,785 | 51,866 | 56,097 | 8.2% |

Source: China Index Academy Report

INDUSTRY OVERVIEW

Development of the real estate market in Wenzhou has experienced a rapid growth in the past. The total real estate investments amounted over RMB118 billion in 2018 with a year-over-year growth rate over 14% from 2017 to 2018. The proportion of investments in residential properties has been increasing constantly, reaching over 78% of total real estate investments in 2018. The following table sets forth certain indicators relating to the residential property market in Wenzhou for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Residential properties | | | | | | | |
| Total sales (RMB billion) | 51 | 53 | 58 | 91 | 112 | 140 | 22.6% |
| Total GFA sold (million sq.m.) | 3.2 | 3.8 | 4.6 | 6.4 | 8.0 | 9.8 | 25.1% |
| ASP (RMB/sq.m.) | 15,943 | 13,859 | 12,633 | 14,152 | 13,981 | 14,394 | (2.0)% |

Source: China Index Academy Report

Midwest China Economic Region

Chongqing

Chongqing is one of the four directly-controlled municipalities in the PRC and is a commercial, financial, technology and innovation, trade and logistic center along the Midwest China Economic Region. Chongqing is also a strategic joint port along the Silk Road Economic Belt. As of December 31, 2018, Chongqing had a total population of approximately 31.0 million with the urbanization rate of 65.5%. Chongqing's nominal GDP in 2018 amounted to RMB2,036 billion. The city has effectively implemented various transformative policies for sustainable development. The following table sets forth selected economic indicators of Chongqing for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Nominal GDP (RMB billion) | 1,266 | 1,426 | 1,572 | 1,756 | 1,950 | 2,036 | 10.0% |
| Real GDP growth rate (%) | 12.3 | 10.9 | 11.0 | 10.7 | 9.3 | 6.0 | N/A |
| Fixed asset investment (RMB billion) | 1,121 | 1,322 | 1,548 | 1,736 | 1,744 | 1,866 | 10.7% |
| Population (million) | 29.7 | 29.9 | 30.2 | 30.5 | 30.8 | 31.0 | 0.9% |
| Urbanization rate (%) | 58.3 | 59.6 | 60.9 | 62.6 | 64.1 | 65.5 | N/A |
| Per capita disposable income of urban households (RMB) | 25,216 | 25,147 | 27,239 | 29,610 | 32,193 | 34,889 | 6.7% |

Source: China Index Academy Report

INDUSTRY OVERVIEW

The real estate market in Chongqing steadily grew in recent years with total real estate investments increased from RMB301.3 billion in 2013 to RMB424.9 billion in 2018, representing a CAGR of 7.1%. However, the proportion of total real estate investments of overall fixed asset investment has been generally decreasing from 2013 to 2018. Despite such decrease, total sales of residential properties in Chongqing, both in terms of dollar amount and total GFA, generally increase over the same period. The following table sets forth certain indicators relating to the residential property market in Chongqing for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Residential properties | | | | | | | |
| Total sales (RMB billion) | 228 | 225 | 224 | 264 | 360 | 444 | 14.2% |
| Total GFA sold (million sq.m.) | 43.6 | 44.2 | 44.8 | 51.1 | 54.5 | 54.2 | 4.5% |
| ASP (RMB/sq.m.) | 5239 | 5,094 | 5,013 | 5,162 | 6,605 | 8,109 | 9.4% |

Source: China Index Academy Report

Kunming

Kunming is the capital city of Yunnan Province and a gateway city in China facing Southeast Asia and South Asia. It is also an important tourist and trading central city in western China. In recent years, Kunming maintained a rapid growth through deepened reform and innovation. Its GDP amounted to RMB520.7 billion in 2018, representing a year-over-year increase of 8.4% from 2017 and a CAGR of 8.8% from 2013 to 2018. The following table sets forth selected economic indicators of Kunming for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Nominal GDP (RMB billion) | 342 | 371 | 397 | 430 | 486 | 521 | 8.8% |
| Real GDP growth rate (%) | 12.8 | 8.1 | 8.0 | 8.5 | 9.7 | 8.4 | N/A |
| Fixed asset investment (RMB billion) | 293 | 314 | 296 | 392 | 422 | 445 | 8.7% |
| Population (million) | 6.6 | 6.6 | 6.7 | 6.7 | 6.8 | 6.9 | 0.8% |
| Urbanization rate (%) | 68.0 | 69.1 | 70.1 | 71.1 | 72.1 | 72.9 | N/A |
| Per capita disposable income of urban households (RMB) | 28,354 | 31,295 | 33,955 | 36,739 | 39,788 | 42,988 | 8.7% |

Source: China Index Academy Report

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The real estate market of Kunming has developed steadily and the proportion of residential properties in total real estate investments had gradually increased over the past and reached 63.1% in 2018. In 2018, the real estate market of Kunming was extremely active, evidenced by a year-over-year increase of 39.3% in total sales of residential properties in terms of dollar amount from 2017. The following table sets forth certain indicators relating to the residential property market in Kunming for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Residential properties | | | | | | | |
| Total sales (RMB billion) | 59 | 59 | 72 | 77 | 114 | 159 | 22.1% |
| Total GFA sold (million sq.m.) | 10.4 | 9.8 | 10.1 | 11.3 | 13.9 | 14.3 | 6.6% |
| ASP (RMB/sq.m.) | 5,615 | 6,067 | 7,178 | 6,851 | 8,197 | 11,085 | 14.6% |

Source: China Index Academy Report

Pan-Bohai Economic Rim

Shenyang

Shenyang is the capital city of Liaoning Province and also a central city in northeastern China as determined by the State Council. It locates at the center of the Pan-Bohai Economic Rim and the Northeast Asia Economic Circle and represents an integrated transportation hub to northeastern China. As of December 31, 2017, Shenyang had a total population of approximately 8.3 million with an urbanization rate over 80.5%, making it the only megacity (defined as a city with a total population of permanent residents over 5 million and less than 10 million according to the standards for city scale stipulated by the State Council) in the Pan-Bohai Economic Rim that Zhongliang Holdings Group Company Limited had entered into. The following table sets forth selected economic indicators of Shenyang for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|---|-------------|-------------|-------------|-------------|-------------|------------------|-------------|
| Nominal GDP (RMB billion) | 677 | 710 | 727 | 555 | 587 | 629 | (1.4)% |
| Real GDP growth rate (%) | 8.8 | 6.0 | 3.4 | (5.6) | 3.5 | 5.4 | N/A |
| Fixed asset investment (RMB billion) | 638 | 656 | 533 | 163 | 148 | 171 | (23.2)% |
| Population (million) | 8.3 | 8.3 | 8.3 | 8.3 | 8.3 | 8.3 | 0.1% |
| Urbanization rate (%) | 80.2 | 80.4 | 80.5 | 80.5 | 80.5 | — ⁽¹⁾ | N/A |
| Per capita disposable income of urban households (RMB) | 29,074 | 31,720 | 36,643 | 38,995 | 41,359 | 44,054 | 8.7% |

Source: China Index Academy Report

Note:

- (1) Data not available. For indicator of which data for a certain year are not available, relevant CAGR is calculated based on the data recorded in the earliest through the latest years for which data are available.

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The real estate market of Shenyang had recovered and bottomed out since 2016 after several years' weakening market. Total real estate investments increased by 22.5% from 2017 to 2018, reaching a total amount of RMB99.7 billion in 2018. In particular, total sales of residential properties in terms of GFA increased remarkably by 4.2% from 2017 to 2018, total GFA sold in the year was 13.5 million sq.m. The following table sets forth certain indicators relating to the residential property market in Shenyang for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Residential properties | | | | | | | |
| Total sales (RMB billion) | 123 | 79 | 61 | 75 | 95 | 104 | (3.2)% |
| Total GFA sold (million sq.m.) | 20.2 | 13.4 | 9.5 | 11.0 | 11.9 | 12.0 | (9.9)% |
| ASP (RMB/sq.m.) | 6,074 | 5,865 | 6,416 | 6,838 | 7,944 | 8,680 | 7.4% |

Source: China Index Academy Report

Yantai

Yantai is located in Shandong Province and is an important port city in the Pan-Bohai Economic Rim. It is one of the first 14 coastal open cities designated by the PRC government. As of December 31, 2018, Yantai had a total land area of approximately 13,746 million sq.m. and a total population of approximately 7.1 million with the urbanization rate of 65.1%. Yantai was ranked second in Shandong Province in terms of economic aggregates, only second to Qingdao. However, currently industrial enterprises remain the major component of its economy, therefore, Yantai is facing increasing pressure during the economic transformation nationwide. Yantai government has announced strategic objective to grow its strategic new and innovative industries up to 30% of total industrial out-put by 2020. The following table sets forth selected economic indicators of Yantai for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Nominal GDP (RMB billion) | 561 | 600 | 645 | 693 | 755 | 783 | 6.9% |
| Real GDP growth rate (%) | 10.2 | 9.1 | 8.4 | 8.1 | 6.5 | 6.4 | N/A |
| Fixed asset investment (RMB billion) | 354 | 410 | 467 | 530 | 572 | 606 | 11.4% |
| Population (million) | 7.0 | 7.0 | 7.0 | 7.1 | 7.1 | 7.1 | 0.4% |
| Urbanization rate (%) | 57.9 | 58.6 | 60.4 | 62.1 | 63.6 | 65.1 | N/A |
| Per capita disposable income of urban households (RMB) | 32,956 | 35,791 | 35,907 | 38,744 | 41,882 | 44,875 | 6.4% |

Source: China Index Academy Report

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The real estate market of Yantai has been relatively weak in the past several years in terms of real estate investments. However, partially because of the potential concern on rising prices due to tightening control measures, the demands from the buying side has been continuously stimulated until 2017. Total real estate investment amounted to RMB58.7 billion in 2018, representing an increase of 7.5% from 2017. The following table sets forth certain indicators relating to the residential property market in Yantai for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Residential properties | | | | | | | |
| Total sales (RMB billion) | 53 | 39 | 38 | 46 | 59 | 78 | 8.1% |
| Total GFA sold (million sq.m.) | 9.9 | 6.9 | 6.7 | 8.2 | 9.5 | 10.8 | 1.8% |
| ASP (RMB/sq.m.) | 5,355 | 5,687 | 5,620 | 5,670 | 6,210 | 7,251 | 6.2% |

Source: China Index Academy Report

Western Taiwan Straits Economic Zone

Ganzhou

Ganzhou is at a strategic location in Jiangxi Province, with four national development zones and one integrated free-trade zone. Ganzhou is the largest city of Jiangxi Province in terms of land area and population in the province. As of December 31, 2017, Ganzhou had a total land area of approximately 39,380 million sq.m. and a total population of approximately 9.7 million with the urbanization rate of 48.6%. Ganzhou has been developing steadily and in 2018, its GDP reached over RMB281 billion, representing a year-over-year growth rate of 9.3% from 2017. Over the same period, the year-over-year GDP growth rate of Jiangxi Province was 8.7%. It was ranked first in the province in terms of the growth rate of fixed asset investments for successive seven years since 2012. In 2018, total fixed asset investments of Ganzhou amounted to RMB279 billion. The following table sets forth selected economic indicators of Ganzhou for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--|-------------|-------------|-------------|-------------|-------------|------------------|-------------|
| Nominal GDP (RMB billion) | 167 | 184 | 197 | 219 | 252 | 281 | 10.9% |
| Real GDP growth rate (%) | 10.5 | 10.0 | 9.6 | 9.5 | 9.5 | 9.3 | N/A |
| Fixed asset investment (RMB billion) | 133 | 161 | 189 | 220 | 251 | 279 | 16.0% |
| Population (million) | 9.3 | 9.5 | 9.6 | 9.7 | 9.7 | 9.8 | 1.1% |
| Urbanization rate (%) | 42.6 | 44.0 | 45.5 | 47.1 | 48.6 | — ⁽¹⁾ | N/A |
| Per capita disposable income of urban households (RMB) | 20,797 | 22,935 | 25,001 | 27,086 | 29,567 | 32,163 | 9.1% |

Source: China Index Academy Report

Total real estate investments in Ganzhou amounted to RMB30.9 billion in 2017, representing a year-over-year increase of 6.2% from 2016 and a CAGR of 13.6% from 2012. Along with the deepened new urbanization construction, the city has deepened the innovation and placement of housing run-down areas and as a result, the sales of residential properties accelerated accordingly. Total sales of residential properties both in terms of dollar

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amount and GFA increased significantly in recent years. The following table sets forth certain indicators relating to the residential property market in Ganzhou for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Residential properties | | | | | | | |
| Total sales (RMB billion) | 24 | 25 | 29 | 35 | 51 | 61 | 20.2% |
| Total GFA sold (million sq.m.) | 5.0 | 4.7 | 5.7 | 6.9 | 8.4 | 9.0 | 12.5% |
| ASP (RMB/sq.m.) | 4,863 | 5,371 | 4,986 | 5,074 | 6,018 | 6,740 | 6.7% |

Source: China Index Academy Report

Pearl River Delta Economic Zone

Foshan

Foshan is located at the center of Guangdong Province and is adjacent to Hong Kong, Macau and Guangzhou. It is an important manufacturing base in China and is the strategic trading and transportation center of the Pearl River Delta Region. As of December 31, 2018, Foshan had a total land area of approximately 3,798 million sq.m. Foshan has a total population of approximately 7.9 million with a remarkably high urbanization rate of 95.0%. Foshan forms the Guangzhou-Foshan metropolitan area jointly with Guangzhou city, and possesses the leading position in Guangdong Province in terms of economic growth. It was ranked 21st among the top 100 cities in China in 2017. The following table sets forth selected economic indicators of Foshan for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Nominal GDP (RMB billion) | 701 | 744 | 800 | 863 | 955 | 994 | 7.2% |
| Real GDP growth rate (%) | 9.8 | 8.3 | 8.5 | 8.3 | 8.5 | 6.3 | N/A |
| Fixed asset investment (RMB billion) | 238 | 261 | 304 | 351 | 427 | 451 | 13.7% |
| Population (million) | 7.3 | 7.4 | 7.4 | 7.5 | 7.7 | 7.9 | 1.6% |
| Urbanization rate (%) | 94.9 | 94.9 | 95.0 | 95.0 | 95.0 | 95.0 | N/A |
| Per capita disposable income of urban households (RMB) | 38,038 | 36,555 | 39,757 | 43,120 | 46,849 | 50,737 | 5.9% |

Source: China Index Academy Report

INDUSTRY OVERVIEW

The real estate market of Foshan has been developing rapidly. Total real estate investments amounted to RMB202.0 billion in 2018, representing a year-over-year increase of 38.9% from 2017 and a CAGR of 22.3% from 2013 to 2018. Residential property market is highly active and investments in residential properties accounted for over 70% of total real estate investments in 2018. The following table sets forth certain indicators relating to the residential property market in Foshan for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Residential properties | | | | | | | |
| Total sales (RMB billion) | 70 | 77 | 105 | 179 | 236 | 202 | 23.7% |
| Total GFA sold (million sq.m.) | 7.9 | 8.8 | 12.3 | 18.6 | 20.8 | 16.9 | 16.4% |
| ASP (RMB/sq.m.) | 8,837 | 8,728 | 8,492 | 9,662 | 11,375 | 11,936 | 6.2% |

Source: China Index Academy Report

Jiangmen

Jiangmen is the entry point to western Guangdong Province from the Pearl River Delta Economic Zone. Upon the construction of various major transportation infrastructures within this region, such as Hong Kong-Zhuhai-Macao Bridge, Shenzhen-Zhongshan Bridge and West Pearl River Delta Integrated Transportation Hub, the strategic position of Jiangmen will be more predominant and it is expected to have the greatest development potential within the province. Jiangmen recorded a moderate GDP growth rate in the past several years, reaching over RMB290 billion in 2018. Since 2017, economic growth of Jiangmen has been further accelerated, partially due to the development of advanced manufacturing industry and private economy sector. Jiangmen government announced the “Three 100 Billion Plans” under which it intends to enhance fixed asset investments and investments in infrastructures. Driven by such policies, Jiangmen’s total fixed asset investments increased by 9.5% from 2017 to 2018, amounting to approximately RMB194 billion. The following table sets forth selected economic indicators of Jiangmen for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Nominal GDP (RMB billion) | 200 | 208 | 221 | 242 | 269 | 290 | 7.7% |
| Real GDP growth rate (%) | 9.8 | 7.8 | 8.4 | 7.4 | 8.1 | 7.8 | N/A |
| Fixed asset investment (RMB billion) | 100 | 111 | 131 | 152 | 177 | 194 | 14.2% |
| Population (million) | 4.5 | 4.5 | 4.5 | 4.5 | 4.6 | 4.6 | 0.4% |
| Urbanization rate (%) | 64.1 | 64.2 | 64.8 | 65.1 | 65.8 | 66.5 | N/A |
| Per capita disposable income of urban households (RMB) | — ⁽¹⁾ | 24,976 | 27,117 | 29,557 | 32,478 | 35,466 | 9.2% |

Source: China Index Academy Report

Note:

(1) Data not available. For indicator of which data for a certain year are not available, relevant CAGR is calculated based on the data recorded in the earliest through the latest years for which data are available.

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The real estate market of Jiangmen has developed rapidly in recent years. Total real estate investments reached over RMB57.5 billion in 2018, representing a year-over-year growth of 27.5% from 2017 and a CAGR of 18.9% from 2013, which was also the highest growth rate in Jiangmen history. Investments in residential properties generally accounted for approximately 75% of total real estate investments in the past several years. The following table sets forth certain indicators relating to the residential property market in Jiangmen for the years indicated.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>CAGR</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Residential properties | | | | | | | |
| Total sales (RMB billion) | 23 | 19 | 26 | 37 | 51 | 53 | 18.3% |
| Total GFA sold (million sq.m.) | 3.9 | 3.3 | 4.7 | 6.2 | 7.1 | 6.0 | 9.0% |
| ASP (RMB/sq.m.) | 5,868 | 5,763 | 5,588 | 5,999 | 7,235 | 8,315 | 7.2% |

Source: China Index Academy Report

PRICES OF KEY CONSTRUCTION MATERIALS

Construction material cost is an important factor for real estate developers and steel and cement constitute a major part of the cost of construction materials. Overcapacity in the steel and cement industries in the PRC caused the annual average market prices of steels and cements to decrease during 2011 to 2015. Since 2016, the structural reform in the steel and cement industries, the governmental policies on production adjustment, together with the increasing demand from real estate industry, have led to a recovery of average market prices of steels and cements in 2016 and 2017.

The annual average market price of steel rebar 25mm, a major raw material in building construction, decreased from RMB4,776 per ton in 2011 to RMB2,522 per ton in 2015, which increased to RMB2,590 per ton in 2016 and further to RMB3,878 per ton in 2017. Annual average price of coking coal, a major component in the production of cement, decreased from RMB1,517 per ton in 2011 to RMB670 per ton in 2015, but recovered to RMB758 per ton in 2016 and further to RMB1,122 per ton in 2017. Annual average price of cement (42.5 grade) decreased from RMB430 per ton in 2011 to RMB262 per ton in 2016 but bounced back to RMB350 per ton in 2017.

REGULATORY OVERVIEW

Set below is the summary of the PRC laws and regulations in relation to the business and operation of our Company, including the establishment of real estate development enterprises, acquisition of land use rights, property development, sales/pre-sales of commodity buildings, and environment protection, etc.

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), 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 and further amended on March 19, 2018 and March 24, 2019), 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

On March 15, 2019, the National People's Congress approved the Foreign Investment Law, which will come into effect on January 1, 2020 and replace the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-Invested Enterprise Law, and become the legal foundation for foreign investment in the PRC.

The Foreign Investment Law sets out the basic regulatory framework for foreign investments and proposes to implement a system of pre-entry national treatment with a negative list for foreign investments, pursuant to which (i) foreign natural persons, enterprises or other organizations (collectively the “**foreign investors**”) shall not invest in any sector forbidden by the negative list for access of foreign investment, (ii) for any sector restricted by the negative list, foreign investors shall conform to the investment conditions provided in the negative list, and (iii) sectors not included in the negative list shall be managed under the principle that domestic investment and foreign investment shall be treated equally. The Foreign Investment Law also sets forth necessary mechanisms to facilitate, protect and manage foreign investments and proposes to establish a foreign investment information report system in which foreign investors or foreign-funded enterprises shall submit the investment information to competent departments of commerce through the enterprise registration system and the enterprise credit information publicity system.

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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 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 right certificate; (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 Right (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; 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

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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.

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.

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 12, 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 and management 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.

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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 right certificate. 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.

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 Ministry of Land and Resources of the PRC on May 9, 2002 and revised as

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of September 28, 2007 with the name of Regulations on Granting State-Owned Construction Land Use Right 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 Ministry of Land and Resources 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 Ministry of Land and Resources 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 Ministry of Land and Resources 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) (《關於發佈實施〈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 Ministry of Land and Resources and 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.

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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 Ministry of Land and Resources 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 right 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 Right 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 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.

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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 amended on July 4, 2001 and June 25, 2014 and newly amended on September 19, 2018 by 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 amended on January 8, 2011 and further amended on March 19, 2018 and March 24, 2019, 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 submit an application 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

There are no nationwide mandatory requirements in the PRC laws, regulations and government rules 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, 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.

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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.

Pursuant to 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》) promulgated on July 5, 1994 and amended on August 27, 2009 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.

Furthermore, under the Circular on Issues Concerning Further Strengthening the Supervision and Administration of the Real Estate Market and Improving the Pre-sale 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》) issued by the Ministry of Housing and Urban-Rural Development on April 13, 2010, all proceeds from the pre-sales of commodity properties shall be supervised and managed by relevant authorities so as to ensure that the proceeds to be used for the development and construction of the corresponding projects. The proceeds from the pre-sales would be allocated according to the construction progress, provided that adequate fund has been reserved to ensure the completion and delivery of the projects.

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 right 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.

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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.

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》). 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 Contract Law of the People's Republic of China (《中華人民共和國合同法》), promulgated by the NPC on March 15, 1999, 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 the Implementing Rules of the

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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, 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 right 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 right 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 agreement 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.

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Trust loan

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 right 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.

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

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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

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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, 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.

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 MOF and 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 Ministry of Housing and Urban-Rural Development 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 square meters or less, or 1.5% if the area is over 90 square meters; 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 square meters or less, or 2% if the area is over 90 square meters. Meanwhile, the Notice specifies that the sale of a house that has been purchased by an individual for less than two years is

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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 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》) (promulgated and implemented on April 1, 2017 by Ministry of Land and Resources and Ministry of Housing and Urban-Rural Development), 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.

REDEVELOPMENT OF SHANTYTOWNS

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, 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

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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 EIT Law 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 Enterprise 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, 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 enterprise 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 enterprise 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 enterprise income tax in relation to the income originating from the PRC.

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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 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 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 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.

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PRC MERGER & ACQUISITION

Pursuant to Provisions on the M&A Rules which was promulgated by the MOFCOM, the SASAC, the SAT, the SAIC, the CSRC and the SAFE on August 8, 2006, and subsequently amended by the MOFCOM on June 22, 2009, which provided that the scenarios qualify as an acquisition of a domestic enterprise by a foreign investor.

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 a 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.

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR HISTORY AND DEVELOPMENT

Overview

Our Company is the holding company of our Group and was incorporated in the Cayman Islands as an exempted company with limited liability on March 22, 2018. We are a fast-growing large-scale comprehensive real estate developer in China, based in the Yangtze River Delta Economic Region with a national footprint. We specialize in the development of residential properties and have recently started to develop, operate and manage commercial properties.

The Chinese name of “Zhongliang (中梁)” originates from our business philosophy of becoming the mainstay of the country (中流砥柱, 國之棟樑). Our Group is supported by a set of core values, including openness, expansion, innovation, responsibility, consensus and sharing, and it is our organizational culture to be transparent, fair, just, simple, practical and effective. By putting these concepts into practice, we attract and retain talents who are the cornerstones of our success.

Our Founder and Early History

In 1993, Mr. Yang joined Wenzhou Xinhua Real Estate Development Company (溫州市欣華房地產開發公司), the predecessor of Zhejiang Tianjian, where he acquired knowledge on and experience in sales and development of real property. Mr. Yang accumulated extensive experience in the property development industry over the years and became the majority shareholder of Zhejiang Tianjian in 2000, which laid the foundation for the future development of our Group. When Mr. Yang became the majority shareholder of Zhejiang Tianjian in 2000, Zhejiang Tianjian focused on property development mainly in Wenzhou city, the location of its headquarters. In 2002, Mr. Yang expanded the business footprint into Jiangsu Province by establishing Suzhou Huacheng as the second property development platform. During the period from 2000 to 2009, Zhejiang Tianjian and Suzhou Huacheng developed several residential property projects, which provided them with further experience in the real estate industry.

Later on, Mr. Yang considered that the Group should strategically focus on the property development in the Yangtze River Delta Economic Region, particularly Shanghai as an important location for further expansion, and established Shanghai Zhongliang Real Estate in 2009 as the third property development platform, with the intention to enter property development market in Shanghai.

Since 2009, Mr. Yang has been able to further implement the business development strategies to expedite the expansion in the Yangtze River Delta Economic Region by leveraging the three property development platforms, with Zhejiang Tianjian focusing on Wenzhou city, Suzhou Huacheng focusing on Suzhou city and Shanghai Zhongliang Real Estate focusing on Shanghai.

Between 2009 and 2014, as part of the Group’s business development strategies to gradually shift the focus of business operation from the property development platform of Zhejiang Tianjian to that of Shanghai Zhongliang Real Estate, the Group concentrated more on the development of Shanghai Zhongliang Real Estate

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platform. In late 2009, we acquired two land parcels for property development in Shanghai, marking our first entry into the Shanghai property development market. Prior to the increase of our exposure in the third- and fourth-tier cities market during the Track Record Period, we had primarily focused on property development in the second-tier cities in the Yangtze River Delta Economic Region such as Wenzhou and Suzhou since 2009.

Meanwhile, Mr. Yang's another property development platforms, Suzhou Huacheng, ceased to acquire new land parcels since 2012, and Zhejiang Tianjian continued to primarily focus its property development business in Wenzhou city. During 2009 to 2014, Zhejiang Tianjian acquired land parcels for development of a total of 16 projects, with nil, nil, two, two, eight and four in each year respectively from 2009 to 2014.

Our Business Development

In 2014, Mr. Yang took a strategic decision to further expand the business operation nationwide, which involved two important milestones for our Group: (a) Shanghai Zhongliang Real Estate became the primary property development platform and the focal point of the acceleration in business development over the next few years, and (b) our decision to relocate headquarters from Wenzhou to Shanghai subsequently in 2016, for the implementation of the Group's strategy to expand its national footprint. This strategic decision kick started our accelerated business development, with expansion into three additional provinces in 2016, namely Anhui, Fujian and Jiangxi provinces, followed by ten additional provinces, directly administered cities and autonomous regions in 2017 and seven additional provinces and autonomous regions in 2018. Since 2013, the PRC government has initiated deepened policies with respect to the redevelopment of resettlement housing in shantytown area under the Opinions on Accelerating the Redevelopment of Shantytown Areas (關於加快棚戶區改造工作的意見) issued by the State Council (the "**Shantytown Redevelopment Policies**"), which helped boost home sales and prices in China, in particular, in the third- and fourth-tier cities. To capture the market opportunities brought by the Shantytown Redevelopment Policies, starting from 2015, Mr. Yang applied standardized real estate development processes for nationwide expansion for our Group's business. During the Track Record Period, we particularly capitalized on the market opportunities resulting from the Shantytown Redevelopment Policies. During the period between 2016 and the first half of 2018 we had an increasing focus on third- and fourth-tier cities. As the development and sales of residential properties in the third- and fourth-tier cities required lower initial capital injection and had not been subject to tightened control measures as compared to the first- and second-tier cities, the strategy of focusing on small land parcels with an increasing focus in the third- and fourth-tier cities during the Track Record Period enabled our Group to shorten our typical sales cycle and cash flow cycle, which in turn allows for rapid replication of our standardized project development process. Leveraging the Group's cumulated expertise and experience in the industry, the established standardized development processes, particularly, leveraging the implementation of the Amoeba Ecosystem since 2015, the Group had experienced a rapid growth during the Track Record Period and acquired 63, 119 and 221 land parcels in 2016, 2017 and 2018, respectively. During this accelerated business development period, we were awarded "China Top 10 Real Estate Developers by Growth Evaluation" in each of 2016, 2017 and 2018 and "Top 25 Real Estate Developers" in 2018 from the 59th position of "China Top 100 Real Estate Developers" in 2014. In 2019, we were recognized as a top 20 real estate developer in China and a top 10 real estate developer in China in terms of development potential as recognized by China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Center.

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During our accelerated development period, we primarily financed our operations through external financings, such as borrowings from commercial banks, trust loan, asset management arrangements, other borrowings from third parties (other than banks and financial institutions), together with internally generated cash flow including proceeds from the pre-sale/sale of our properties and capital contribution from shareholders.

With the leadership of Mr. Yang and the contribution of our professional management team, we have continued to grow, expanding our footprint to different cities in China. As of March 31, 2019, we have established presence in 124 cities and 23 provinces and municipalities across five strategic economic areas, namely the Yangtze River Delta Economic Region, the Midwest China Economic Region, the Pan-Bohai Economic Rim, the Western Taiwan Straits Economic Zone and the Pearl River Delta Economic Zone, with a product portfolio of 353 property projects at various development stages with a total land bank of approximately 38.9 million sq.m. Prior to the completion of the Reorganization, other than property development, we were also involved in other ancillary businesses, including property management services, and design and decoration services. As property development and the other ancillary businesses of our Group require different expertise, skills and resources, these other ancillary businesses have been excluded from our Group after the Reorganization. Please see the section headed “— Reorganization” below for details.

Business Milestones

The following table sets forth the key milestones in our history, including prizes and awards obtained before and after our Reorganization:

| Year | Event |
|-----------|---|
| 1993 | <ul style="list-style-type: none">• Our founder, Mr. Yang, entered the property development industry. |
| 2002 | <ul style="list-style-type: none">• Mr. Yang established Suzhou Huacheng and expanded the property development from Zhejiang Province into Jiangsu Province, beginning to explore opportunities in the Yangtze River Delta Economic Region. |
| 2009 | <ul style="list-style-type: none">• By establishing Shanghai Zhongliang Real Estate, we further expanded our property development business with a focus in the Yangtze River Delta Economic Region, particularly in Shanghai. We commenced to shift the focus of our operations from the property development platform of Zhejiang Tianjian to that of Shanghai Zhongliang Real Estate. |
| 2014-2017 | <ul style="list-style-type: none">• We were awarded “China Top 100 Real Estate Developers (中國房地產百強企業)”⁽¹⁾, and ranked the 59th, 56th, 49th and 39th for the year 2014, 2015, 2016 and 2017, respectively. |
| 2015-2018 | <ul style="list-style-type: none">• We were awarded “Top 10 Real Estate Developers by Brand Value in the region of East China (中國華東房地產公司品牌價值TOP 10)”⁽¹⁾ in each of the year 2015, 2016, 2017 and 2018. |
| 2016 | <ul style="list-style-type: none">• We relocated our headquarters to Shanghai to further carry out our business development strategies.• We expanded our property development into Anhui Province, Fujian Province and Jiangxi Province. |
| 2016-2018 | <ul style="list-style-type: none">• We were awarded “China Top 100 Real Estate Developers — Top 10 by Growth Evaluation (中國房地產百強企業 — 成長性10強)”⁽¹⁾ in each of the year 2016, 2017 and 2018. |

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

| Year | Event |
|------|--|
| 2017 | <ul style="list-style-type: none">• We expanded our property development into Sichuan Province, Henan Province, Hunan Province, Shandong Province, Hubei Province, Yunnan Province, Chongqing, Ningxia Hui Autonomous Region, Shaanxi Province and Guangxi Zhuang Autonomous Region.• We were awarded “Top 200 Real Estate Developers in China (房地產企業綜合實力200強)”⁽²⁾ and “Top 30 Real Estate Enterprises by Brand Value in China (中國房企品牌價值Top 30)”⁽²⁾, and ranked the 29th and 28th, respectively.• We were awarded “Top 10 Real Estate Developers by Operation in China (中國房地產開發運營能力10強)”⁽²⁾ and “Top 10 Real Estate Enterprises by Growth Evaluation in China (中國房地產企業成長性10強)”⁽²⁾. |
| 2018 | <ul style="list-style-type: none">• We expanded our property development into Guizhou Province, Shanxi Province, Gansu Province, Inner Mongolia Autonomous Region, Liaoning Province, Guangdong Province and Hebei Province.• We were awarded “Top 25 Real Estate Developers (中國房地產開發企業25強)”⁽³⁾ and “China Top 100 Real Estate Developments — Star of Top 100 (中國房地產百強企業 — 百強之星)”⁽¹⁾. |
| 2019 | <ul style="list-style-type: none">• We were awarded “Top 20 China Real Estate Developers 2019 (2019中國房地產開發企業20強)”⁽³⁾ and “Top 10 Development Potential of China Real Estate Developers 2019 (2019中國房地產開發企業發展潛力10強)”⁽³⁾ |

Notes:

- (1) Awarded by Enterprise Research Institute of the Development Research Center of the State Council (國務院發展研究中心企業研究所), Institute of Real Estates Studies of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院).
- (2) All awarded by Shanghai EHConsulting (億翰智庫), an independent property consulting services provider.
- (3) Awarded by China Real Estate Association (中國房地產業協會), E-House China R&D Institute (上海易居房地產研究院) and China Real Estate Appraisal Center (中國房地產測評中心).

OUR CORPORATE STRUCTURE

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on March 22, 2018 and is an investment holding company. As of the date of its incorporation, our Company had an authorized share capital of HK\$380,000. Our initial subscriber was WNL Limited, an independent third party, which subscribed one fully-paid Share on March 22, 2018 and such Share was transferred to Liangzhong on March 29, 2018.

Our Principal PRC Operating Subsidiaries

We carry out our property development business through various project companies or joint ventures. As of the Latest Practicable Date, we had established and/or acquired a number of subsidiaries and/or intermediate holding companies to hold some of our project companies. Our principal PRC operating subsidiaries comprise major holding companies and/or subsidiaries which contribute a substantial amount of our Group’s revenue during the Track Record Period. Details of the major changes in the equity capital of our principal PRC operating subsidiaries are set out below.

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

1. Shanghai Zhongliang Enterprise Development

Shanghai Zhongliang Enterprise Development is the principal holding company of our Group and an indirectly wholly-owned subsidiary of our Company. Shanghai Zhongliang Enterprise Development was established as a limited liability company on August 26, 2016 and owned by Suzhou Huacheng (which is majority-owned by Mr. Yang) as to 99.0% and Shanghai Zhongliang Real Estate as to 1.0%, with an initial registered capital of RMB100,000,000 to be fully paid up by November 30, 2022.

In September 2016, Shanghai Zhongliang Real Estate transferred its 1.0% equity interest in Shanghai Zhongliang Enterprise Development to Suzhou Huacheng for nil consideration as the registered capital of Shanghai Zhongliang Enterprise Development was not yet paid up at the time of the transfer. In August 2018, the registered capital of RMB100,000,000 was fully paid up in cash by Suzhou Huacheng. Upon completion of a series of equity transfers and capital injections as part of our Reorganization, the registered capital of Shanghai Zhongliang Enterprise Development was increased to RMB3,330 million through injection of RMB3,230 million by Shanghai Liangzhuo, fully paid up by cash on September 11, 2018. There has been no change in the equity interest of Shanghai Zhongliang Real Estate since then. As of the Latest Practicable Date, Shanghai Zhongliang Enterprise Development was held by Shanghai Liangzhuo as to 97.0%, Zhongliang HK as to 2.9% and Heng Rong as to 0.1%. Please see the section headed “— Reorganization” for further details.

2. Shanghai Zhongliang Real Estate

Shanghai Zhongliang Real Estate is an investment holding company and an indirectly wholly-owned subsidiary of our Company. Shanghai Zhongliang Real Estate was established as a limited liability company on July 14, 2009 and owned by Suzhou Huacheng as to 100%, with an initial registered capital of RMB20,000,000, fully paid up by cash in July 2009.

As of January 1, 2016, Shanghai Zhongliang Real Estate was owned by Suzhou Huacheng as to 100%. In September 2016, Suzhou Huacheng transferred all its interest in Shanghai Zhongliang Real Estate to Shanghai Zhongliang Enterprise Development for a consideration of RMB300,000,000 (based on the then registered capital of Shanghai Zhongliang Real Estate), fully paid up by cash. In July 2018, the registered capital of Shanghai Zhongliang Real Estate was increased to RMB3,000,000,000 by way of capital injection by Shanghai Zhongliang Enterprise Development, fully paid up by cash in June 2018. In April 2019, the registered capital of Shanghai Zhongliang Real Estate was increased to RMB10,000,000,000 by way of capital injection by Shanghai Zhongliang Enterprise Development, fully paid up by cash in May 2019. There has been no change in the equity interest of Shanghai Zhongliang Real Estate since then.

3. Yuyao Zhonglianghong Property Co., Ltd. (余姚市中梁宏置業有限公司)

Yuyao Zhonglianghong Property Co., Ltd. was established and owned by Shanghai Tongtai Property Co., Ltd. (上海通泰置業有限公司), a wholly-owned subsidiary of Shanghai Zhongliang Real Estate, and is the project company for our property development project, Yuyao Zhongliang Capital Park (余姚中梁首府). Yuyao Zhonglianghong Property Co., Ltd. was established as a limited liability company on January 5, 2016, with an

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

initial registered capital of RMB50,000,000, fully paid up by cash in January 2016. In May 2019, the registered capital of Yuyao Zhonglianghong Property Co., Ltd. was increased to RMB500,000,000 by way of capital injection by Shanghai Tongtai Property Co., Ltd. and Pingxiang Mancheng Property Management Partnership (Limited Partnership) to be fully paid up by December 3, 2034.

At the time of its establishment, Shanghai Tongtai Property Co., Ltd. held a 2.1% equity interest in Yuyao Zhonglianghong Property Co., Ltd. as nominee for Pingxiang Mancheng Property Management Partnership (Limited Partnership) (萍鄉蔓城物業管理合夥企業(有限合夥)), a co-investment vehicle for the purpose of our Co-investment Schemes under the Amoeba Ecosystem, under a nominee arrangement. Since the nominee arrangement has been terminated, Yuyao Zhonglianghong Property Co., Ltd. is directly owned by Shanghai Tongtai Property Co., Ltd. as to 97.9% and Pingxiang Mancheng Property Management Partnership (Limited Partnership) as to 2.1% as of the Latest Practicable Date.

4. Linhai Zhongliangyuan Property Co., Ltd. (臨海市中梁源置業有限公司)

Linhai Zhongliangyuan Property Co., Ltd. was established and owned by Shanghai Zhongliangming Property Co., Ltd. (上海中梁銘置業有限公司), a wholly-owned subsidiary of Shanghai Zhongliang Real Estate, and is the project company for our property development project, Linhai Shanti Mansion (臨海香緹公館). Linhai Zhongliangyuan Property Co., Ltd. was established as a limited liability company on September 16, 2015, with an initial registered capital of RMB50,000,000, fully paid up by cash in October 2015.

As of January 1, 2016, Shanghai Zhongliangming Property Co., Ltd. held a 3.0% equity interest in Linhai Zhongliangyuan Property Co., Ltd. as nominee for each of Pingxiang Hongshi Real Estate Information Consultancy Partnership (Limited Partnership) (萍鄉宏時房地產信息諮詢合夥企業(有限合夥)) and Pingxiang Oudong Real Estate Information Consultancy Partnership (Limited Partnership) (萍鄉甌東房地產信息諮詢合夥企業(有限合夥)), co-investment vehicles for the purpose of our Co-investment Schemes under the Amoeba Ecosystem, under nominee arrangements. Since the nominee arrangements have been terminated, Linhai Zhongliangyuan Property Co., Ltd. is directly owned by Shanghai Zhongliangming Property Co., Ltd. as to 94.0%, Pingxiang Hongshi Real Estate Information Consultancy Partnership (Limited Partnership) as to 3.0% and Pingxiang Oudong Real Estate Information Consultancy Partnership (Limited Partnership) as to 3.0% as of the Latest Practicable Date.

5. Yueqing Zhonglianghao Property Co., Ltd. (樂清市中梁昊置業有限公司)

Yueqing Zhonglianghao Property Co., Ltd. was established and wholly-owned by Shanghai Zhonglianghong Property Co., Ltd. (上海中梁宏置業有限公司), a wholly-owned subsidiary of Shanghai Zhongliang Real Estate, and is the project company for our property development projects Yueqing Zhongliang Capital Park (Phase I) (樂清中梁首府一期) and Yueqing Zhongliang Capital Park (Phase II) (樂清中梁首府二期). Yueqing Zhonglianghao Property Co., Ltd. was established as a limited liability company on November 7, 2014, with an initial registered capital of RMB50,000,000 to be fully paid up by November 6, 2034. There has been no change in the equity interest of Yueqing Zhonglianghao Property Co., Ltd. since then.

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

6. Wenzhou Liang'an Property Co., Ltd. (溫州市梁安置業有限公司)

Wenzhou Liang'an Property Co., Ltd. was established and wholly-owned by Shanghai Zhonglianghao Property Co., Ltd. (上海中梁浩置業有限公司), a wholly-owned subsidiary of Shanghai Zhongliang Real Estate by then, and is the project company for our property development project, Wenzhou Longwan Capital Park (溫州龍灣首府). Wenzhou Liang'an Property Co., Ltd. was established as a limited liability company on June 8, 2015, with an initial registered capital of RMB100,000,000, fully paid up by cash in July 2015. Through a series of equity transfers and capital injections, as of August 28, 2018, Shanghai Zhonglianghao Property Co., Ltd. was held by Hangzhou Zhonglianghui Property Co., Ltd. (杭州中梁匯置業有限公司) (a wholly-owned subsidiary of Shanghai Zhongliang Real Estate) as to 100%. In May 2019, the registered capital of Wenzhou Liang'an Property Co., Ltd. was increased to RMB500,000,000 by way of capital injection by Shanghai Zhonglianghao Property Co., Ltd. to be fully paid up by June 7, 2025. There has been no change in the equity interest of Wenzhou Liang'an Property Co., Ltd. since then.

7. Wenzhou Zhongliangsheng Property Co., Ltd. (溫州市中梁盛置業有限公司)

Wenzhou Zhongliangsheng Property Co., Ltd. was established and wholly-owned by Shanghai Zhonglianghe Real Estate Development Limited (上海中梁合房地產開發有限公司), a wholly-owned subsidiary of Shanghai Zhongliang Real Estate, and is the project company for our property development project, Wenzhou Elegance Court (溫州濱江九里). Wenzhou Zhongliangsheng Property Co., Ltd. was established as a limited liability company on January 20, 2014, with an initial registered capital of RMB120,000,000, fully paid up by cash in January 2014. On April 28, 2014, the registered capital of Wenzhou Zhongliangsheng Property Co., Ltd. increased to RMB200,000,000. There has been no change in the equity interest of Wenzhou Zhongliangsheng Property Co., Ltd. since then.

8. Pingyang Zhongliangfu Property Co., Ltd. (平陽縣中梁府置業有限公司)

Pingyang Zhongliangfu Property Co., Ltd. was established and wholly-owned by Shanghai Zhongliangrong Real Estate Development Limited (上海中梁融房地產開發有限公司), a wholly-owned subsidiary of Suzhou Huacheng by then, and is the project company for our property development project, Pingyang Glory Mansion (平陽國賓天下). Pingyang Zhongliangfu Property Co., Ltd. was established as a limited liability company on August 12, 2015, with an initial registered capital of RMB100,000,000, fully paid up by cash in September 2015. Through a series of equity transfers and capital injections, as of January 31, 2019, Shanghai Zhongliangrong Property Co., Ltd. was held by Fujian Zhongliang Real Estate Development Limited (福建中梁房地產開發有限公司), a wholly-owned subsidiary of Shanghai Zhongliang Real Estate, as to 100%. There has been no change in the equity interest of Pingyang Zhongliangfu Property Co., Ltd. since then.

9. Wenzhou Zhongliang Huacheng Property Co., Ltd. (溫州市中梁華成置業有限公司)

Wenzhou Zhongliang Huacheng Property Co., Ltd. was established and wholly-owned by Suzhou Xinzhongliang Property Co., Ltd. (蘇州新中梁置業有限公司), a wholly-owned subsidiary of Suzhou Huacheng, and is the project company for our property development project, Wenzhou Glory ONE (溫州國賓壹號).

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Wenzhou Zhongliang Huacheng Property Co., Ltd. was established as a limited liability company on June 9, 2011, with an initial registered capital of RMB20,000,000, fully paid up by cash in May 2011.

As of January 1, 2016, Wenzhou Zhongliang Huacheng Property Co., Ltd. was wholly-owned by Suzhou Xinzhongliang Property Co., Ltd.. In March 2018, Suzhou Xinzhongliang Property Co. Ltd. transferred all its interest in Wenzhou Zhongliang Huacheng Property Co., Ltd. to Fujian Zhongliang Real Estate Development Limited (福建中梁房地產開發有限公司), a wholly-owned subsidiary of Shanghai Zhongliang Real Estate, for a consideration of RMB100,000,000 (based on the then registered capital of Wenzhou Zhongliang Huacheng Property Co., Ltd.), fully paid up by cash in December 2018. There has been no change in the equity interest of Wenzhou Zhongliang Huacheng Property Co., Ltd. since then.

10. Wenzhou Zhonglianglong Property Co., Ltd. (溫州市中梁龍置業有限公司)

Wenzhou Zhonglianglong Property Co., Ltd. was established and wholly-owned by Suzhou Xinzhongliang Property Co., Ltd., a wholly-owned subsidiary of Suzhou Huacheng, and is the project company for our property development project, Wenzhou Shanti International Plaza (溫州香緹國際). Wenzhou Zhonglianglong Property Co., Ltd. was established as a limited liability company on December 20, 2013, with an initial registered capital of RMB100,000,000, fully paid up by cash in December 2013.

As of January 1, 2016, Wenzhou Zhonglianglong Property Co., Ltd. was wholly-owned by Suzhou Huacheng. In March 2018, Suzhou Huacheng transferred all its interest in Wenzhou Zhonglianglong Property Co. Ltd. to Hangzhou Zhonglianghui Property Co., Ltd. (杭州中梁匯置業有限公司), a wholly-owned subsidiary of Shanghai Zhongliang Real Estate, for a consideration of RMB200,000,000 (based on the then registered capital amount of Wenzhou Zhonglianglong Property Co., Ltd.), fully paid up by cash in April 2018. There has been no change in the equity interest of Wenzhou Zhonglianglong Property Co., Ltd. since then.

11. Wenzhou Liangtai Property Co., Ltd. (溫州市梁泰置業有限公司)

Wenzhou Liangtai Property Co., Ltd. was established and owned by Shanghai Yangtai Property Co., Ltd. (上海陽泰置業有限公司) and is the project company for our property development project Wenzhou Zhongliang Capital ONE (溫州中梁首府壹號院). Wenzhou Liangtai Property Co., Ltd. was established as a limited liability company on April 19, 2016, with an initial registered capital of RMB50,000,000, fully paid up by cash in July 2016.

At the time of its establishment, Shanghai Zhongliang Real Estate held 100% equity interest in Shanghai Yangtai Property Co., Ltd., out of which a 5.7% equity interest was held as nominee for Ningbo Ruicheng Property Management Partnership (Limited Partnership) (寧波睿城物業管理合夥企業(有限合夥)), a co-investment vehicle for the purpose of our Co-investment Schemes under the Amoeba Ecosystem, under a nominee arrangement. Through share transfer and upon termination of the nominee arrangement, Shanghai Yangtai Property Co., Ltd. is directly owned by Shanghai Zhongliang Real Estate as to 94.3% and Ningbo Ruicheng Property Management Partnership (Limited Partnership) as to 5.7% as of the Latest Practicable Date.

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

12. Suzhou Dingxin Wudi Real Estate Co., Ltd. (蘇州鼎欣吳地房地產有限責任公司)

Suzhou Dingxin Wudi Real Estate Co., Ltd. was established and wholly-owned by Suzhou Dingxin Real Estate Co., Ltd. (蘇州鼎欣房地產有限責任公司), an independent third party, and is the project company for our property development project, Suzhou Zhongliang Royal Villa Park (蘇州中梁獨墅禦湖). Suzhou Dingxin Wudi Real Estate Co., Ltd. was established as a limited liability company on August 1, 2007, with an initial registered capital of RMB50,000,000, fully paid up by cash in July 2007.

As of January 1, 2016, Suzhou Dingxin Wudi Real Estate Co., Ltd. was wholly-owned by Suzhou Dingxin Real Estate Co., Ltd., with a registered capital of RMB500,000,000. In May 2016, Suzhou Dingxin Real Estate Co., Ltd. transferred all its interest in Suzhou Dingxin Wudi Real Estate Co., Ltd. to Shanghai Chengtong Property Co., Ltd. (上海程通置業有限公司), a majority-owned subsidiary of Shanghai Zhongliang Real Estate, for a consideration of RMB510,000,000 (based on the then registered capital of Suzhou Dingxin Wudi Real Estate Co., Ltd.), fully paid up by cash in May 2016. Through a series of equity transfers, Shanghai Zhongliang Real Estate held 100% equity interest in Shanghai Chengtong Property Co., Ltd., out of which a 3.0% equity interest was held as nominee for Ningbo Xicheng Property Management Partnership (Limited Partnership) (寧波熙城物業管理合夥企業(有限合夥)), a co-investment vehicle for the purpose of our Co-investment Schemes under the Amoeba Ecosystem, under a nominee arrangement, and a 30.0% equity interest was held as nominee for Liangshang Assets Management (Shanghai) Co., Ltd. (梁商資產管理(上海)有限責任公司), a co-investment vehicle under a nominee arrangement. Since the nominee arrangements have been terminated, Shanghai Chengtong Property Co., Ltd. is directly owned by Shanghai Zhongliang Real Estate as to 67.0%, Ningbo Xicheng Property Management Partnership (Limited Partnership) as to 3.0% and Liangshang Assets Management (Shanghai) Co., Ltd. as to 30.0% as of the Latest Practicable Date.

13. Zhuji Zhongliang Property Co., Ltd. (諸暨市中梁置業有限公司)

Zhuji Zhongliang Property Co., Ltd. was established and wholly-owned by Shanghai Jingtong Property Co., Ltd. (上海景通置業有限公司), a majority-owned subsidiary of Shanghai Zhongliang Real Estate, and is the project company for our property development project, Zhuji Zhongliang THE ONE (諸暨中梁壹號院). Zhuji Zhongliang Property Co., Ltd. was established as a limited liability company on April 12, 2016, with an initial registered capital of RMB50,000,000, fully paid up by cash in May 2016. On September 13, 2016, the registered capital of Zhuji Zhongliang Property Co., Ltd. was increased to RMB150,000,000 by way of capital injection by Shanghai Jingtong Property Co., Ltd. to be fully paid up by September 8, 2021. There has been no change in the equity interest of Zhuji Zhongliang Property Co., Ltd. since then.

14. Ningbo Zhonglianghong Property Co., Ltd. (“Ningbo Zhonglianghong”) (寧波市中梁宏置業有限公司)

Ningbo Zhonglianghong was established and owned by Shanghai Tongping Property Co., Ltd. (“**Shanghai Tongping**”) (上海通平置業有限公司), a majority-owned subsidiary of Shanghai Zhongliang Real Estate, and is the project company for our property development project, Ningbo Zhongliang THE ONE (寧波中梁壹號院). Ningbo Zhonglianghong was established as a limited company on February 22, 2016, with an initial registered capital of RMB50,000,000, fully paid up by cash in March 2016.

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

In August 2017, Shanghai Tongping transferred 40.0% equity interest in Ningbo Zhonglianghong to Guotai Yuanxin Assets Management Co., Ltd. (“**Guotai Yuanxin**”) (國泰元鑫資產管理有限公司) for a consideration of RMB20,000,000 (based on the then registered capital of Ningbo Zhonglianghong). In February 2018, due to failure to reach a consensus on financing cooperation for project development between Shanghai Tongping and Guotai Yuanxin, pursuant to subsequent negotiation between the parties, Guotai Yuanxin transferred 40.0% equity interest in Ningbo Zhonglianghong back to Shanghai Tongping at nil as the consideration for the first equity transfer was not settled. There has been no change in the equity interest of Ningbo Zhonglianghong since then.

15. Quzhou Zhongliangchuang Property Co., Ltd. (衢州市中梁創置業有限公司)

Quzhou Zhongliangchuang Property Co., Ltd. was established and owned by Shanghai Ningyuan Property Co., Ltd. (上海寧遠置業有限公司), a majority-owned subsidiary, as to 90.0% and Zhejiang Tianjian as to 10%, and is the project company for our property development project Quzhou Zhongliang Capital Park (衢州中梁首府). Quzhou Zhongliangchuang Property Co., Ltd. was established as a limited company on April 29, 2016, with an initial registered capital of RMB50,000,000, fully paid up by cash in June 2016.

In September 2018, Zhejiang Tianjian transferred 10.0% equity interest in Quzhou Zhongliangchuang Property Co., Ltd. to Shanghai Ningyuan Property Co., Ltd. for a consideration of RMB5,000,000 (based on the then registered capital amount of Quzhou Zhongliangchuang Property Co., Ltd.), fully paid up by cash in January 2019. There has been no change in the equity interest of Quzhou Zhongliangchuang Property Co., Ltd. since then.

16. Pinghu Zhongliangrui Property Co., Ltd. (平湖市中梁瑞置業有限公司)

Pinghu Zhongliangrui Property Co., Ltd. was established and owned by Shanghai Huicui Property Co., Ltd. (上海薈翠置業有限公司), a majority-owned subsidiary of Shanghai Zhongliang Real Estate, and is the project company for our property development project, Pinghu Zhongliang Donghu THE ONE (平湖中梁東湖壹號院). Pinghu Zhongliangrui Property Co., Ltd. was established as a limited company on September 5, 2016, with an initial registered capital of RMB50,000,000, fully paid up by cash in October 2016.

At the time of its establishment, Shanghai Zhongliang Real Estate held 24.0% equity interest in Shanghai Huicui Property Co., Ltd. as nominee for Wenzhou Haoji Investment Management Centre (Limited Partnership) (溫州豪際投資管理中心 (有限合夥)), a co-investment vehicle under a nominee arrangement. Since the nominee arrangement has been terminated, Shanghai Huicui Property Co., Ltd. is directly owned by Hangzhou Zhongliangheng Property Co., Ltd. (杭州中梁恒置業有限公司) as to 69.5%, Ningbo Yaocheng Property Management Partnership (Limited Partnership) (寧波瑤城物業管理合夥企業 (有限合夥)) as to 6.5% and Wenzhou Haoji Investment Management Centre (Limited Partnership) as to 24.0% as of the Latest Practicable Date.

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

17. Kaihua Zhongliangtai Property Co., Ltd. (開化縣中梁泰置業有限公司)

Kaihua Zhongliangtai Property Co., Ltd. was established and owned by Shanghai Gaochuang Property Co., Ltd. (上海高創置業有限公司), a majority-owned subsidiary of Shanghai Zhongliang Real Estate, and is the project company for our property development project, Kaihua Zhongliang Bund THE ONE (開化中梁外灘壹號院). Kaihua Zhongliangtai Property Co., Ltd. was established as a limited company on July 11, 2016, with an initial registered capital of RMB50,000,000, fully paid up by cash in August 2016.

At the time of its establishment, Shanghai Zhongliang Real Estate held 35.0% equity interest in Shanghai Gaochuang Property Co., Ltd. as nominee for Liming Yeya Co., Ltd. (黎明液壓有限公司), a co-investment vehicle under a nominee arrangement. Since the nominee arrangement has been terminated, Shanghai Gaochuang Property Co., Ltd. is directly owned by Ningbo Yaocheng Property Management Partnership (Limited Partnership) (寧波瑤城物業管理合夥企業(有限合夥)) as to 6.1%, Hangzhou Zhongliangheng Property Co., Ltd. (杭州中梁恒置業有限公司) as to 58.9% and Liming Yeya Co., Ltd. as to 35.0% as of the Latest Practicable Date.

18. Haining Zhongliangyu Property Co., Ltd. (海寧市中梁禦置業有限公司)

Haining Zhongliangyu Property Co., Ltd. was established and wholly-owned by Shanghai Chuangan Property Co., Ltd. (上海創安置業有限公司), a majority-owned subsidiary of Shanghai Zhongliang Real Estate, and is the project company for our property development project, Haining Zhongliang THE ONE (海寧中梁壹號院). Haining Zhongliangyu Property Co., Ltd. was established as a limited company on June 13, 2016, with an initial registered capital of RMB50,000,000, fully paid up by cash in June 2016. There has been no change in the equity interest of Haining Zhongliangyu Property Co., Ltd. since then.

19. Zhangjiagang Zhongliangxuan Property Co., Ltd. (張家港市中梁軒置業有限公司)

Zhangjiagang Zhongliangxuan Property Co., Ltd. was established and owned by Shanghai Tuocheng Property Co., Ltd. (上海拓城置業有限公司), a majority-owned subsidiary of Shanghai Zhongliang Real Estate, and is the project company for our property development project, Zhangjiagang Zhongliang THE ONE (張家港中梁壹號院). Zhangjiagang Zhongliangxuan Property Co., Ltd. was established as a limited company on May 9, 2016, with an initial registered capital of RMB50,000,000, fully paid up by cash in May 2016.

At the time of its establishment, Shanghai Zhongliang Real Estate held 100% equity interest in Shanghai Tuocheng Property Co., Ltd., out of which a 30.0% equity interest was held as nominee for Suzhou Xinzhi Real Estate Development Enterprise (Limited Partnership) (蘇州信智房地產開發企業(有限合夥)), a co-investment vehicle under a nominee arrangement. Since the nominee arrangement has been terminated, Shanghai Tuocheng Property Co., Ltd. is directly owned by Suzhou Hongmai Property Co., Ltd. (蘇州市宏邁置業有限公司), a majority-owned subsidiary of Shanghai Zhongliang Real Estate, as to 64.2%, Yancheng Suliang Enterprise Management Consultancy Service Centre (Limited Partnership) (鹽城蘇梁企業管理諮詢服務中心(有限合夥)) as to 5.8% and Suzhou Xinzhi Real Estate Development Enterprise (Limited Partnership) as to 30.0% as of the Latest Practicable Date.

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20. Dazhou Liangshi Property Co., Ltd. (“Dazhou Liangshi”) (達州梁實置業有限公司)

Dazhou Liangshi Property Co., Ltd. was established and owned by Shanghai Zhongliang Real Estate, and is the project company for our property development project Dazhou Zhongliang Capital Park (達州中梁首府). Dazhou Liangshi was established as a limited company on May 5, 2017, with an initial registered capital of RMB10,000,000, fully paid up by cash in August 2017.

In June 2017, Shanghai Zhongliang Real Estate transferred all its interest in Dazhou Liangshi to Sichuan Chengliang Property Co., Ltd. (“**Sichuan Chengliang**”) (四川成梁置業有限公司) for a consideration of RMB10,000,000. Shanghai Zhongliang Real Estate and Sichuan Chengliang have agreed to settle the equity transfer by having the RMB10,000,000 initial registered capital of Dazhou Liangshi to be paid by Sichuan Chengliang. In July 2017, the registered capital of Dazhou Liangshi was increased to RMB50,000,000 by way of capital injection by Sichuan Chengliang and fully paid up by cash in August 2017. In July 2017, Sichuan Chengliang transferred all its equity interest in Dazhou Liangshi to Shanghai Jiaqiong Property Co., Ltd. (“**Shanghai Jiaqiong**”) (上海嘉瓊置業有限公司), for a consideration of RMB50,000,000. Later in the same month, due to internal restructuring to consolidate management in the Midwest China Economic Region of the Group, Shanghai Jiaqiong transferred the entire equity interest in Dazhou Liangshi back to Sichuan Chengliang for a consideration of RMB50,000,000. The first equity transfer between Sichuan Chengliang and Shanghai Jiaqiong was not settled and therefore the parties have agreed that the consideration of the second equity transfer would offset that of the first equity transfer. There has been no change in the equity interest of Dazhou Liangshi since then.

As of July 2017, Shanghai Jiaqiong held 100% equity interest in Sichuan Chengliang, out of which a 1.8% equity interest were held as nominee for each of Pingxiang Zhongliangrong Real Estate Information Consultancy Partnership (Limited Partnership) (萍鄉中梁榮房地產信息諮詢合夥企業(有限合夥)) and Pingxiang Chuanliang Real Estate Information Consultancy Partnership (Limited Partnership) (萍鄉川梁房地產信息諮詢合夥企業(有限合夥)) respectively, co-investment vehicles for the purpose of our Co-investment Schemes under the Amoeba Ecosystem, under nominee arrangements, and a 40.0% equity interest in Sichuan Chengliang Property Co., Ltd. as nominee for Wenzhou Mingji Investment Management Centre (Limited Partnership) (溫州明際投資管理中心(有限合夥)), a co-investment vehicle under a nominee arrangement. Since the nominee arrangement has been terminated, Sichuan Chengliang is directly owned by Pingxiang Zhongliangrong Real Estate Information Consultancy Partnership (Limited Partnership) as to 1.8%, Wenzhou Mingji Investment Management Centre (Limited Partnership) as to 40.0%, Pingxiang Chuanliang Real Estate Information Consultancy Partnership (Limited Partnership) as to 1.8% and Shanghai Jiaqiong as to 56.4% as of the Latest Practicable Date.

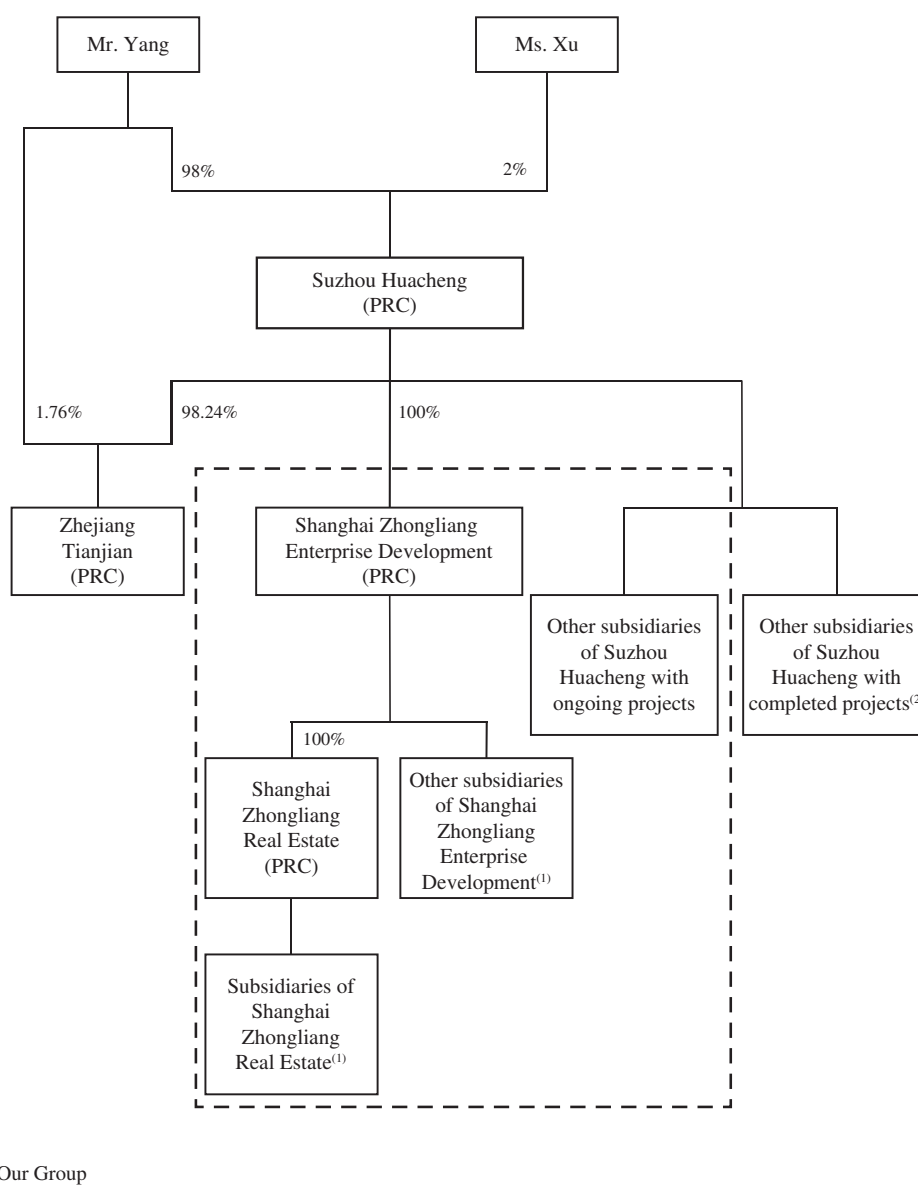
We have adopted a complex Group structure with a large number of subsidiaries due to the customary practice of the property development industry in the PRC to establish a project company for each new property project. This allows for flexibility in the relevant licensing, compliance and financial risk management when our Group engages and completes property projects during its ordinary course of business. During the Track Record Period, we held equity interests in some of our project subsidiaries (including eight of our principal PRC operating subsidiaries) on behalf of various passive investors, as nominee. As of March 31, 2019, we held equity interests in twelve entities on behalf of such passive investors. We consider these nominee arrangements to be

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

more efficient for the development and management of our business, in particular during our Group's early fast-expanding stage. We were in the process of terminating all the nominee arrangements in order to achieve a more optimal corporate structure for the purpose of our Listing. As of the Latest Practicable Date, all nominee arrangements had been terminated. As advised by our PRC Legal Advisers, all the nominee agreements and the nominee clauses of relevant contracts were legal, valid and binding under the PRC laws.

REORGANIZATION

In anticipation of our Listing, we underwent the Reorganization pursuant to which our Company became the holding company and listing vehicle of our Group. Set forth below is the simplified corporate structure of our Group immediately prior to the Reorganization:



OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) As of December 31, 2018, these included 838 subsidiaries (including two offshore subsidiaries incorporated in Hong Kong and BVI respectively, both with no substantial business operations) and 102 joint ventures and associates.
- (2) These included project companies which have completed all of its sale of property transactions before the Track Record Period, or have generated or will generate no sales revenue from January 1, 2016 onwards.

The Reorganization involved the following steps:

Step 1: Onshore reorganization

To simplify the corporate structure of our Group, we have excluded from our Group any project companies which have completed all of its sale of property transactions before the Track Record Period, or have generated or will generate no sales revenue from January 1, 2016 onwards. As our proposed principal intermediate holding company under Shanghai Zhongliang Enterprise Development, Shanghai Zhongliang Real Estate acquired the subsidiaries of Suzhou Huacheng with ongoing projects. In addition, in order to focus on the core business of property development of our Group, as part of the Reorganization, we have excluded the Non-Core Business which involves different expertise, skills and resources. Please see the section headed “Relationship with Controlling Shareholders — Our Controlling Shareholders — Non-Core Business and Delineation” for details.

Transfer of Zhejiang Tianjian

Zhejiang Tianjin, a company held by Suzhou Huacheng and Mr. Yang as to 98.24% and 1.76%, was transferred to Mr. Yang Jianqing, a cousin of Mr. Yang. Mr. Yang Jianqing joined our Group in 1998 as an 18-year old and worked through the ranks at our Group and became assistant to Mr. Yang. Mr. Yang Jianqing has been the director, general manager as well as legal representative of Zhejiang Tianjian since September 12, 2017. Given his background, Mr. Yang Jianqing wished to continue working in the real estate industry and run his own business. Prior to the preparation of the Listing, Mr. Yang Jianqing expressed to Mr. Yang his wish to start his own property business in the PRC, who agreed at the time to provide the necessary support to help Mr. Yang Jianqing in his future start up of property business. In early 2018, (i) with the listing plan of our Group in mind; (ii) considering that Mr. Yang had been focusing his property business under the umbrella of Shanghai Zhongliang Enterprise Development in recent years and Zhejiang Tianjian has become less significant to Mr. Yang’s overall property business over time; and (iii) taking into consideration that Mr. Yang Jianqing had devoted considerable efforts in the operation of Zhejiang Tianjian for years, Mr. Yang agreed to accept Mr. Yang Jianqing’s proposal to acquire Zhejiang Tianjian (together with its subsidiaries, “**Zhejiang Tianjian Group**”) from Mr. Yang such that he could start his own property business by continue running the business of Zhejiang Tianjian Group.

Given that (i) Zhejiang Tianjian Group was not part of our group of companies held through the principal holding company of our real estate business, Shanghai Zhongliang Enterprise Development, and was owned by Mr. Yang and his majority-owned company, Suzhou Huacheng; (ii) Zhejiang Tianjian Group is of relatively insignificant size compared to our Group; and (iii) for the purpose of honoring his agreement in providing

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

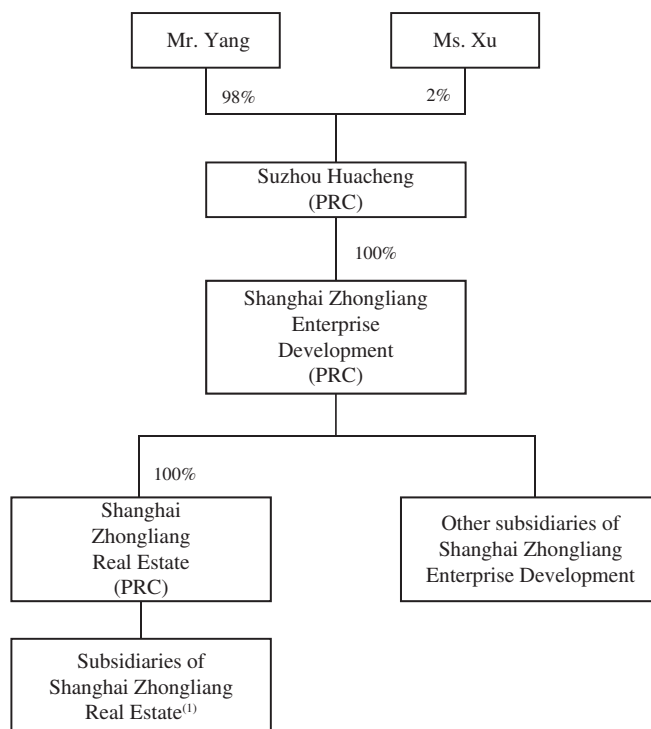
support to Mr. Yang Jianqing, who had provided significant contributions to the development of Zhejiang Tianjian throughout the years, Mr. Yang agreed to transfer Zhejiang Tianjian Group to Mr. Yang Jianqing. As of June 27, 2018, the date on which Zhejiang Tianjian was transferred to Mr. Yang Jianqing, Zhejiang Tianjian had 20 property development projects (compared to our Group's total 269 projects). Of these 20 projects, 13 are under construction and in the process of pre-sales and seven are at an early stage of construction and had not started any pre-sales. The 20 pieces of land have a total saleable GFA of approximately 1,506,055 sq.m. (compared to the Group's total saleable GFA of approximately 33,629,497.38 sq.m.). Mr. Yang considered that these projects would give his cousin a good start in business.

On June 26, 2018, Mr. Yang and Suzhou Huacheng entered into an agreement for the transfer of Zhejiang Tianjian Group to Wenzhou Liangguan Enterprise Management Co., Ltd.. The consideration for the transfer was RMB1,412 million, which was determined with reference to the valuation report prepared by an independent valuer and after arm's length negotiation between the parties. Since the trade name "Zhongliang" has been incorporated as part of the names of the existing projects of Zhejiang Tianjian Group as of June 27, 2018 (the "**Existing Projects**") for marketing purpose and it is burdensome and practically difficult to change the names of the Existing Projects which have been incorporated in the development plans and documents submitted to the relevant PRC authorities, we have granted a non-exclusive license to Zhejiang Tianjian to use certain "Zhongliang" trademarks in respect of the Existing Projects as part of the consideration for the transfer of Zhejiang Tianjian. We have specified the scope and manner in which such "Zhongliang" trademarks can be deployed while Zhejiang Tianjian shall undertake to use such trademarks in accordance with the requirements specified by Shanghai Zhongliang Real Estate. We are entitled to terminate such licensing arrangement at any time should there be any breach of the use of such trademarks in accordance with our specified scope and/or manner. The transfer of Zhejiang Tianjian and the registration of such transfer with SAIC were completed on June 27, 2018 and the consideration was settled in full on November 5, 2018.

As of the Latest Practicable Date, Mr. Yang Jianqing operated Zhejiang Tianjian Group independent of our Group and there were no transactions (including outstanding loans, guarantees, balances and other financial assistance) between Zhejiang Tianjian Group and our Group. All future property development projects of Zhejiang Tianjian Group would not use any trade names or trademarks of our Group.

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Set forth below is the corporate structure of our Group immediately after the completion of the onshore reorganization:



Note:

(1) These included previous subsidiaries of Suzhou Huacheng with ongoing projects.

Step 2: Establishment of offshore holding companies by Mr. Yang and Ms. Xu

On March 21, 2018, Mr. Yang incorporated Liangzhong and Liangyi in the BVI and each of Liangzhong and Liangyi has an initial authorized share capital of 50,000 shares with a par value of US\$1 each. Upon incorporation, one share, representing the entire share capital of each of Liangzhong and Liangyi is owned by Mr. Yang. On the same day, Ms. Xu, the spouse of Mr. Yang, set up Liangtai in the BVI with an initial authorized share capital of 50,000 shares with a par value of US\$1 each and held one share, representing the entire share capital of Liangtai.

Our Company was incorporated in the Cayman Islands on March 22, 2018. Following an allotment of Shares on June 22, 2018, our Company was owned as to 95% by Liangzhong, 3% by Liangyi and 2% by Liangtai. On March 27, 2018, Liangzhong established its wholly-owned subsidiary Zhongliang International in the BVI.

On March 29, 2018, Liangzhong transferred all of its shareholding in Zhongliang International to our Company for US\$1 at par value. On the same day, Zhongliang International established Zhongliang HK in Hong Kong and held its 100% shareholding.

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Step 3: Establishment of Shanghai Liangzhuo by Zhongliang HK

On July 9, 2018, Zhongliang HK established its wholly-owned subsidiary Shanghai Liangzhuo Business Information Consulting Co., Ltd. (上海梁卓商務信息諮詢有限公司) (“**Shanghai Liangzhuo**”), a wholly foreign-owned enterprise (WFOE), in the PRC with an initial registered capital of RMB10 million.

Step 4: Preparation for Pre-IPO investment

On July 9, 2018, Mr. Lei, an independent third party and our pre-IPO investor, set up his investment vehicle, Abundant Talent, in the BVI with an authorized share capital of US\$50,000. On August 7, 2018, Ample Sino Investments Limited (華溢投資有限公司) (“**Ample Sino**”) (a wholly-owned subsidiary of Abundant Talent incorporated in the BVI), acquired the entire shareholding in Heng Rong Co., Limited (恒融國際有限公司) (“**Heng Rong**”) (a company incorporated in Hong Kong) from Mr. Lei at a consideration of HK\$10,000. As a result, Heng Rong became a wholly-owned subsidiary of Ample Sino.

Step 5: Capital injection into our Company

On August 15, 2018, Liangzhong, Liangyi and Liangtai subscribed 9,119,905 Shares, 287,997 Shares and 191,998 Shares at a consideration of US\$133,252,320, US\$4,207,968 and US\$2,805,312, respectively which were fully paid up by cash on August 2, 2018. Upon completion of such subscription, each of Liangzhong, Liangyi and Liangtai is interested in 9,120,000 Shares, 288,000 Shares and 192,000 Shares representing 95%, 3% and 2% of the then enlarged share capital of our Company.

Step 6: Acquisition of 3.138% equity interest in Shanghai Zhongliang Enterprise Development by Heng Rong

Suzhou Huacheng (being the sole shareholder of Shanghai Zhongliang Enterprise Development) and Heng Rong entered into a share transfer agreement and a joint venture agreement on July 31, 2018, under which Heng Rong acquired 3.138% of equity interest in Shanghai Zhongliang Enterprise Development for a consideration of RMB200 million, which was determined based on the valuation report prepared by an independent asset valuer. The transfer was completed on August 13, 2018 and the consideration was settled on August 28, 2018.

Step 7: Capital injection in Shanghai Zhongliang Enterprise Development by Shanghai Liangzhuo

On August 16, 2018, Shanghai Liangzhuo, Suzhou Huacheng and Heng Rong entered into a capital injection agreement and a joint venture agreement, pursuant to which the registered capital of Shanghai Zhongliang Enterprise Development was increased to RMB3,330 million through injection of RMB3,230 million by Shanghai Liangzhuo, fully paid up by cash on September 11, 2018. Upon the completion of the capital injection, Shanghai Zhongliang Enterprise Development was owned as to 97% by Shanghai Liangzhuo, 2.91% by Suzhou Huacheng and 0.09% by Heng Rong.

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Step 8: Share swap between Abundant Talent and our Company

On August 29, 2018, Abundant Talent transferred one share of US\$1.00 each in Ample Sino, representing the entire issued share capital of Ample Sino, to our Company in exchange for the issuance by the Company of 94,675 Shares to Abundant Talent. The transfer was completed on August 29, 2018. Upon completion of this transfer and allotment of Shares, Abundant Talent directly holds 0.98% of shareholding in our Company. Please see the section headed “— Pre-IPO Investment” below for details.

Step 9: Acquisition of Suzhou Huacheng’s 2.91% equity interest in Shanghai Zhongliang Enterprise Development by Zhongliang HK

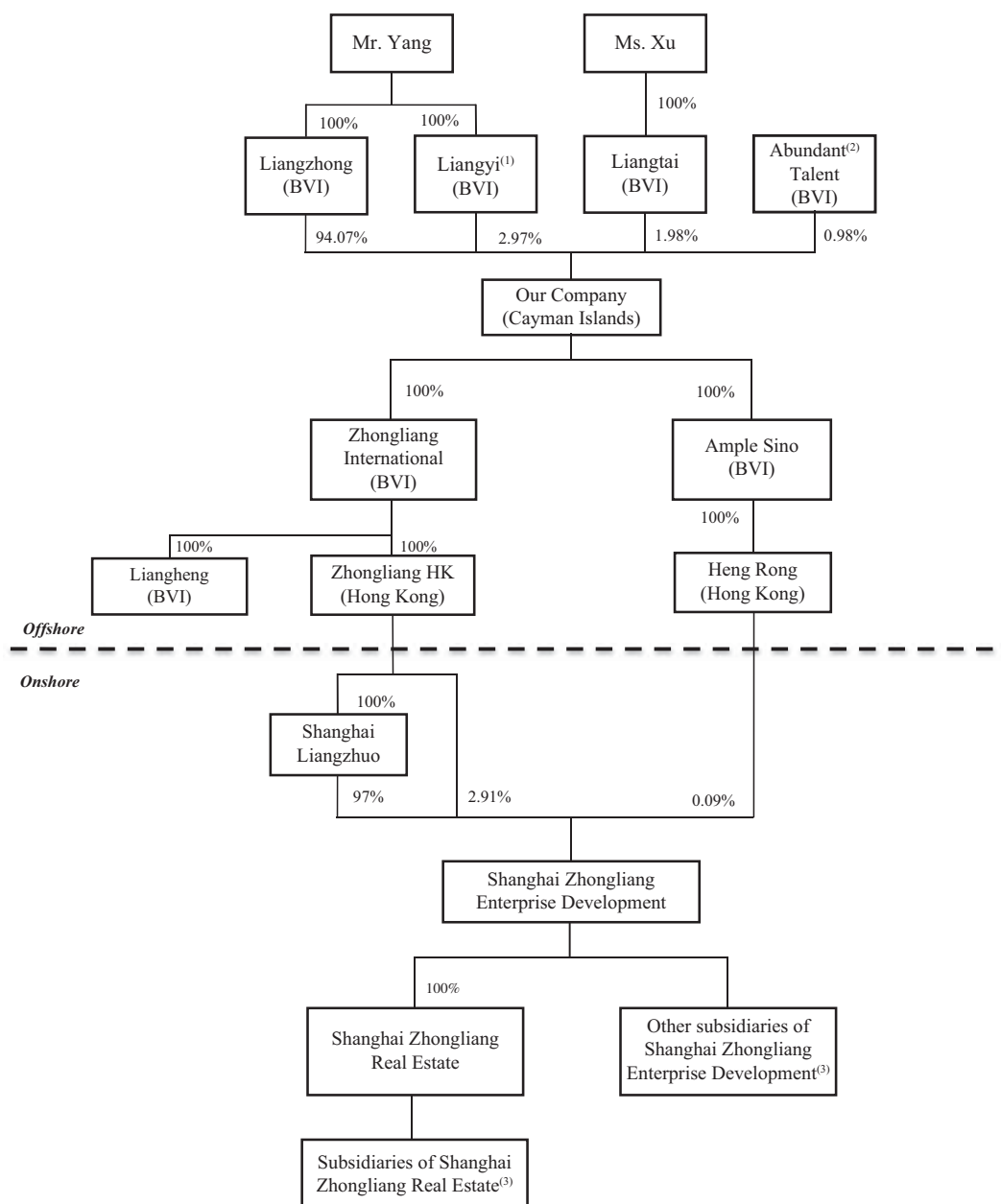
On September 18, 2018, Suzhou Huacheng transferred all its 2.91% equity interests in Shanghai Zhongliang Enterprise Development to Zhongliang HK for a consideration of RMB97 million, which was determined with reference to the registered share capital, was settled on September 20, 2018. As a result, Zhongliang HK directly holds 2.91% and indirectly holds 97% (through its wholly-owned subsidiary Shanghai Liangzhuo) of equity interest in Shanghai Zhongliang Enterprise Development.

Capitalization Issue

Our Company will issue and allot a total of 2,990,305,325 Shares credited as fully paid at par to the holders of Shares whose names appear on the register of members of our Company immediately prior to the Listing Date in proportion to their existing shareholdings in our Company by capitalizing the sum of HK\$29,903,053.25 from the share premium account of our Company. The Shares allotted and issued pursuant to the above Capitalization Issue will rank *pari passu* in all respects with the existing issued Shares.

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Set forth below is our simplified corporate structure upon completion of the Reorganization and immediately before the Global Offering:



Notes:

- (1) The Shares held by Liangyi may be used for share incentive plan(s) in the future.
- (2) Abundant Talent is owned as to 100% by Mr. Lei, our pre-IPO investor. For details of the pre-IPO investment and backgrounds of Abundant Talent and Mr. Lei, please see the section headed “— Pre-IPO Investment” below.
- (3) As of December 31, 2018, these included 838 subsidiaries (including two offshore subsidiaries incorporated in Hong Kong and BVI respectively, both with no substantial business operations) and 102 joint ventures and associates. Please see the section headed “Accountants’ Report” in Appendix I for further details and particulars of our major subsidiaries and joint ventures and associates.

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRE-IPO INVESTMENT

Considering the prospect of our business and with a view to extending Mr. Lei's investment in the PRC real estate development sector, on July 31, 2018, Suzhou Huacheng and Heng Rong (a wholly-owned subsidiary of Ample Sino) entered into a subscription agreement, pursuant to which Heng Rong acquired 3.138% of equity interest in Shanghai Zhongliang Enterprise Development for a consideration of RMB200 million. On August 22, 2018, a share transfer agreement was entered into by the Company, Abundant Talent and Ample Sino, pursuant to which Abundant Talent agreed to transfer all its equity interest in Ample Sino to the Company in exchange for the issuance of 94,675 Shares, representing 0.98% of the equity interest in the Company and on a pro rata basis of its investment amount. Completion of the pre-IPO investment took place on August 29, 2018. As a result of the above share transfers which form part of the Reorganization, Mr. Lei (through Abundant Talent) directly holds the equity interest in our Company. Please see the section headed "— Reorganization" above for further details. The following table sets out a summary of the principal terms of the pre-IPO investment:

Principal Terms of the Pre-IPO Investment

| | |
|--|---|
| <i>Name of investor</i> | Mr. Lei Hongfei |
| <i>Date of investment agreement</i> | August 22, 2018 |
| <i>Amount of consideration paid</i> | RMB200 million (through its investment in Shanghai Zhongliang Enterprise Development) |
| <i>Payment date of consideration</i> | August 28, 2018 |
| <i>Number of issued Shares held immediately after the completion of the Capitalization Issue and the Global Offering</i> | 29,297,011 |
| <i>Cost per Share paid</i> | RMB6.83 (equivalent to approximately HK\$7.76) |
| <i>Premium to the Offer Price⁽¹⁾</i> | 30.7% |
| <i>Shareholding percentage immediately before the Global Offering</i> | 0.98% |
| <i>Approximate percentage of shareholding held in our Company immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into consideration of our Shares that may be issued pursuant to any option that may be granted under the Post-IPO Share Option Scheme)</i> | 0.83% |
| <i>Use of pre-IPO investment proceeds</i> | N/A |

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Strategic benefits

As the pre-IPO investor has an investment portfolio covering the real estate sector and has actively participated in financing, development, construction and investment of overseas properties, our Directors are of the view that the pre-IPO investor would provide strategic advice and business connections to our Group, and we would benefit from his knowledge and experience.

Note:

- (1) The premium percentage is calculated based on an Offer Price of HK\$5.94, being the mid-point of the indicative range of the Offer Price between HK\$5.20 and HK\$6.68.

The consideration and the percentage of the Shares issued and allotted to Abundant Talent were determined on an arm's length basis as a result of negotiations among the parties. With respect to the pre-IPO investment, Abundant Talent has not been granted any special rights in relation to our Company.

Background of Abundant Talent

Abundant Talent is a company with limited liability incorporated under the laws of the BVI on July 9, 2018 and is directly wholly-owned by Mr. Lei. Mr. Lei is an investor who was then looking for investment opportunities in the PRC. Mr. Lei has an investment portfolio covering the real estate sector. Apart from financing real estate development projects, he has actively participated in development, construction and investment of commercial and residential properties in Australia and Canada through limited companies in which he holds senior management positions. To the best of our knowledge, information and belief, he has been principally engaged in investment and real estate business outside the PRC and was not involved in any business that competes or may compete with our business as at the Latest Practicable Date.

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised, and without taking into consideration of our Shares that may be issued pursuant to any option that may be granted under the Post-IPO Share Option Scheme), Mr. Lei (through Abundant Talent) will be interested in 29,297,011 Shares, representing approximately 0.83% of the total number of our Shares in issue. As Abundant Talent will not be a substantial shareholder of our Company, and apart from the investment in our Company as disclosed in this prospectus, Mr. Lei and Abundant Talent neither have any other relationship with our Group or any connected person (as defined under the Listing Rules) of our Company nor have any key business relationship with the Controlling Shareholders, hence the Shares held by Abundant Talent will be treated as part of the public float of our Company following Listing for the purpose of Rule 8.08 of the Listing Rules.

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Lock-up

Abundant Talent has undertaken to our Company that, it will not, without the prior written consent of the Company, at any time during the period from August 22, 2018, being the date of the investment agreement to the date falling six months following the Listing:

- (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 the issuer or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or represent the right to receive, or any warrants or other rights to purchase, any Shares) (“**Lock-up Shares**”), or deposit any Shares or other securities of the issuer with a depositary in connection with the issue of depositary receipts;
- (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 the Lock-up Shares or any interest therein any of the foregoing;
- (c) enter into any transaction with the same economic effect as any transaction described in the sub-paragraphs (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction described in (a), (b) or (c) above.

Confirmation by the Sole Sponsor

Based on its review of the relevant agreements, the Sole Sponsor is of the view that the terms of the pre-IPO investment by Abundant Talent as described above are in compliance with (i) the Interim Guidance on the pre-IPO investment issued by the Stock Exchange in October 2010 and as updated in March 2017 in the Guidance Letter HKEx-GL29-12; (ii) the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017; and (iii) the Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012 and as updated in March 2017.

POST-TRACK RECORD PERIOD ACQUISITIONS

1. The Shandong Mingyao Acquisition

In August 2018, Suzhou Lianghong Property Co., Ltd. (蘇州市梁虹置業有限公司) (“**Suzhou Lianghong**”), an indirect non-wholly-owned subsidiary of our Company, entered into a share purchase agreement with Ms. Li Yanxi and Ms. Li Yanshuang, pursuant to which Ms. Li Yanxi and Ms. Li Yanshuang agreed to sell, and Suzhou Lianghong agreed to purchase, 90% of the equity interest in Shandong Mingyao Property Co., Ltd. (山東明耀置業有限公司) (“**Shandong Mingyao**”) for a total consideration of RMB119,502,000. The consideration was determined based on the cost of the land held and certain accounts payable of Shandong Mingyao. According to

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

the share purchase agreement, a supplemental agreement entered into among the parties on November 26, 2018 and further negotiations among the parties, the first stage of the Shandong Mingyao Acquisition involves transfer of 30% of the equity interest in Shandong Mingyao, which was completed immediately upon signing of the share purchase agreement; the second stage involves transfer of 21% of the equity interest in Shandong Mingyao, which was completed on November 30, 2018; and the third stage involves transfer of the remaining 39% of the equity interest, which shall be completed 30 days after the commencement of pre-sale of the property project developed by Shandong Mingyao. To the best knowledge, information and belief of our Directors, having made all reasonable enquiry, each of Shandong Mingyao and its ultimate beneficial owners was independent third party of our Company and its connected persons.

Subsequently, in August 2018, Suzhou Lianghong entered into another share purchase agreement with an independent third party, pursuant to which Suzhou Lianghong agreed to transfer 30% of the equity interest in Shandong Mingyao for a consideration of RMB40,434,000. Under further negotiations among the parties, Suzhou Lianghong agreed to further transfer 6% of the equity interest in Shandong Mingyao to the independent third party for additional consideration of RMB7,966,800. The first stage of share transfer to the independent third party involves transfer of 12% of the equity interest in Shandong Mingyao, the second stage involves transfer of 8.4% of the equity interest in Shandong Mingyao and the third stage involves transfer of the remaining 15.6% of the equity interest. The share transfer to the independent third party was completed in January 2019, and the independent third party is interested in 36% of the equity interest in Shandong Mingyao.

Shandong Mingyao is a company established in the PRC on June 16, 2017 and is an investment holding company. As of the date of establishment, Shandong Mingyao had an initial registered capital of RMB18,000,000, which has been fully paid up. According to the unaudited management accounts of Shandong Mingyao, its total assets amounted to RMB256,186,822 as of December 31, 2018, and its total revenue was nil for the year ended December 31, 2018. It recorded no net profit for the year ended December 31, 2018.

The first installment of consideration for the acquisition of the first 30% of equity interest in Shandong Mingyao in the amount of RMB39,834,000 was fully settled in cash on September 7, 2018 utilizing internal resources of our Group. The second installment of consideration for the acquisition of the additional 21% equity interest was settled in two parts: the amount of RMB16,730,280 for the acquisition of 12.6% equity interest was fully settled by Suzhou Lianghong in cash on December 3, 2018, utilizing internal resources of our Group, while the amount of RMB11,153,520 for the acquisition of 8.4% equity interest in Shandong Mingyao was directly settled by the independent third party on November 26, 2018. The third installment of RMB51,784,200 of consideration for the acquisition of the remaining 39% of equity interest was fully paid on January 21, 2019 and January 28, 2019, utilizing internal resources of our Group. As of the Latest Practicable Date, our Company indirectly holds 54% of the equity interest in Shandong Mingyao and it has been accounted for as a subsidiary of our Company.

2. The Zhengzhou Lvchen Acquisition

In January 2019, Henan Zhongliang Dingye Real Estate Development Limited (河南中梁鼎業房地產開發有限公司) (“**Zhongliang Dingye**”), an indirect wholly-owned subsidiary of our Company, entered into an equity

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

transfer agreement with Zhengzhou Lvdu Real Estate Group Co., Ltd. (鄭州綠都地產集團股份有限公司) (“**Zhengzhou Lvdu**”), pursuant to which Zhongliang Dingye agreed to acquire 100% of equity interest in Zhengzhou Lvchen Property Co., Ltd. (鄭州綠宸置業有限公司) (“**Zhengzhou Lvchen**”). The total consideration was RMB15,004,263.12, which was determined with reference to the amount of registered capital to be paid by Zhongliang Dingye and the loan owed by Zhengzhou Lvchen to its then shareholder Zhengzhou Lvdu. To the best knowledge, information and belief of our Directors having made all reasonable enquiry, each of Zhengzhou Lvdu, Zhengzhou Lvchen and their ultimate beneficial owners was independent third party of our Company and its connected persons.

Zhengzhou Lvchen is a company established in the PRC on March 16, 2017 and is an investment holding company. As of the date of its establishment, Zhengzhou Lvchen had an initial registered capital of RMB20,000,000, which will be fully paid up on or before December 31, 2037. According to the unaudited management accounts of Zhengzhou Lvchen, its total assets amounted to RMB15,000,796.21 as of December 31, 2018, and its total revenue was nil for the year ended December 31, 2018. It recorded net loss of RMB1,078.27 for the year ended December 31, 2018.

The amount of consideration of RMB15,004,263.12 was fully paid in cash on January 23, 2019, utilizing internal resources of our Group. The Zhengzhou Lvchen Acquisition was completed in January 2019. As of the Latest Practicable Date, our Company indirectly holds 100% of equity interest in Zhengzhou Lvchen and it has been accounted for as a subsidiary of our Company.

3. The Yuhuan Hongjin Acquisition

In February 2019, Xuzhou Xiangtian Property Co., Ltd. (徐州祥天置業有限公司) (“**Xuzhou Xiangtian**”), an indirect majority-owned subsidiary of our Company, entered into a cooperative development agreement with Suqian Hongjin Property Co., Ltd. (宿遷鴻錦置業有限公司) (“**Suqian Hongjin**”), pursuant to which Xuzhou Xiangtian agreed to acquire 50% of equity interest in Suqian Hongliang Property Co., Ltd. (宿遷鴻梁置業有限公司) (“**Suqian Hongliang**”) from Suqian Hongjin. It was the original intention to transfer a land parcel held by Suqian Hongjin to Suqian Hongliang (as the project company) for Xuzhou Xiangtian and Suqian Hongjin to jointly develop such land parcel. However, after further negotiations among the parties, the parties decided to have Suqian Hongjin, instead of Suqian Hongliang, to be the project company for development of such land parcel.

In order to jointly develop the land parcel held by Suqian Hongjin, subsequently in March 2019, Xuzhou Xiangtian entered into an acting-in-concert agreement and two supplemental agreements with Suqian Hongjin, Yuhuan Hongjin Property Co., Ltd. (玉環鴻錦置業有限公司) (“**Yuhuan Hongjin**”) (which was the sole shareholder of Suqian Hongjin) and Huahong Jiaxin Real Estate Group Limited (華鴻嘉信房地產集團有限公司) (“**Huahong Jiaxin**”) (which was the then sole shareholder of Yuhuan Hongjin). Pursuant to the supplemental agreements, the rights and responsibilities of Suqian Hongjin and Suqian Hongliang under the cooperative development agreement and the acting-in-concert agreement were novated to Yuhuan Hongjin and Suqian Hongjin, respectively, and Xuzhou Xiangtian agreed to acquire 50% of equity interest in Yuhuan Hongjin from Huahong Jiaxin.

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According to the cooperative development agreement and the two supplemental agreements, the total consideration was RMB202,004,157, which was determined with reference to the cost of land parcel held by Suqian Hongjin and the relevant taxes. To the best knowledge, information and belief of our Directors having made all reasonable enquiry, each of Suqian Hongjin, Suqian Hongliang, Yuhuan Hongjin, Huahong Jiabin and their ultimate beneficial owners was independent third party of our Company and its connected persons.

Yuhuan Hongjin is a company established in the PRC on December 24, 2018 and is an investment holding company. As of the date of its establishment, Yuhuan Hongjin had an initial registered capital of RMB10,000,000, which will be fully paid up on or before December 15, 2038. According to the unaudited management accounts of Yuhuan Hongjin, its total assets was nil as of December 31, 2018, and its total revenue was nil for the year ended December 31, 2018. It recorded no net profit for the year ended December 31, 2018.

The first installment of consideration in the amount of RMB37,000,000, the second installment in the amount of RMB75,000,000, the third installment in the amount of RMB84,025,383 and the fourth installment in the amount of RMB5,978,774 were fully paid in cash on February 20, 2019, April 4, 2019, April 8, 2019 and April 17, 2018, respectively. All the three installments were settled utilizing internal resources of our Group. As of the Latest Practicable Date, our Company indirectly holds 50% of equity interest in Yuhuan Hongjin. As Xuzhou Xiangtian is entitled to appoint a majority of the directors and control the composition of Yuhuan Hongjin's board of directors according to the acting-in-concert agreement and the supplemental agreements, Yuhuan Hongjin has been accounted for as a subsidiary of our Company.

4. The Changzhou Jincheng Acquisition

In March 2019, Changzhou Runliang Property Co., Ltd. (常州潤梁置業有限公司) (“**Changzhou Runliang**”), an indirect wholly-owned subsidiary of our Company, entered into a cooperative development agreement with Wuxi Jinke Jiarun Real Estate Development Limited (無錫金科嘉潤房地產開發有限公司) (“**Wuxi Jinke Jiarun**”), pursuant to which Changzhou Runliang agreed to acquire 45% of equity interest in Changzhou Jincheng Real Estate Development Limited (常州金宸房地產開發有限公司) (“**Changzhou Jincheng**”) by way of capital injection. It was the intention of the parties to jointly develop the land parcel held by Changzhou Jincheng. The total consideration was RMB340,200,000, which was determined with reference to the registered capital of Changzhou Jincheng and the amount of capital injection. Changzhou Runliang also agreed to bear 45% of the cost of land parcel held by Changzhou Jincheng, tax and costs to be incurred in the subsequent development, operation and management of Changzhou Jincheng in proportion to its equity interest in Changzhou Jincheng. To the best knowledge, information and belief of our Directors having made all reasonable enquiry, each of Wuxi Jinke Jiarun, Changzhou Jincheng and their ultimate beneficial owners was independent third party of our Company and its connected persons.

Changzhou Jincheng is a company established in the PRC on March 8, 2019 and is an investment holding company. As of the date of its establishment, Changzhou Jincheng had an initial registered capital of RMB415,800,000, which will be fully paid up on or before March 31, 2020. Upon capital injection by Changzhou Runliang, the registered capital of Changzhou Jincheng will be increased to RMB756,000,000. Since Changzhou Jincheng was established in March 2019, no financial information for the year ended December 31, 2018 is available.

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The first installment of the consideration in the amount of RMB82,841,265.45, the second installment of the consideration in the amount of RMB160,200,000 and the third installment of the consideration in the amount of RMB97,158,734.55 were paid in cash on April 2, 2019, April 12, 2019 and May 9, 2019, respectively, utilizing internal resources of our Group. As of the Latest Practicable Date, our Company indirectly holds 45% of equity interest in Changzhou Jinchen and it has been accounted for as an associate of our Company.

5. The Hangzhou Kunsheng Acquisition

In March 2019, Jinan Zhonglianglong Property Co., Ltd. (濟南中梁龍置業有限公司) (“**Jinan Zhonglianglong**”), an indirect wholly-owned subsidiary of our Company, entered into an equity transfer framework agreement with Zhejiang Kunlun Property Group Co., Ltd. (浙江崑崙置業集團有限公司) (“**Zhejiang Kunlun**”) and Zhejiang Kunlun Holding Group Co., Ltd. (浙江崑崙控股集團有限公司), pursuant to which Jinan Zhonglianglong agreed to acquire 34% of equity interest in Hangzhou Kunsheng Real Estate Development Limited (杭州崑崙房地產開發有限公司) (“**Hangzhou Kunsheng**”) from Zhejiang Kunlun. The total consideration ranged from approximately RMB241,200,000 to approximately RMB347,300,000, which was determined with reference to the sale proceeds of the properties developed by Hangzhou Kunsheng and distributed to Zhejiang Kunlun, as well as the loans owed by Hangzhou Kunsheng to other parties which have been settled by Zhejiang Kunlun. According to the equity transfer agreement, the final amount of total consideration will be adjusted based on the actual sales of these properties and will be confirmed on or after April 20, 2019. As of the Latest Practicable Date, the final amount of total consideration had not been confirmed yet. To the best knowledge, information and belief of our Directors having made all reasonable enquiry, each of Zhejiang Kunlun, Zhejiang Kunlun Holding Group Co., Ltd., Hangzhou Kunsheng and their ultimate beneficial owners was independent third party of our Company and its connected persons.

Hangzhou Kunsheng is a company established in the PRC on February 8, 2014 and is an investment holding company. As of the date of its establishment, Hangzhou Kunsheng had an initial registered capital of RMB50,000,000, which has been fully paid up in January 2014. According to the unaudited management accounts of Hangzhou Kunsheng, its total assets amounted to RMB1,167,589,098.10 as of December 31, 2018, and its total revenue was RMB94,204,383.93 for the year ended December 31, 2018. It recorded net profit of RMB2,223,332.78 for the year ended December 31, 2018.

According to the equity transfer framework agreement and the supplemental agreement entered into among the parties on March 18, 2019, the amount of consideration ranging from approximately RMB241,200,000 to approximately RMB347,300,000 will be settled in three installments. The first installment was settled in two parts: the first part in the amount of RMB1,486,579.23 and the second part in the amount of RMB120,564,000 were fully paid in cash on March 20, 2019 and March 21, 2019, respectively. The second installment was settled in two parts: the first part in the amount of RMB25,000,000 and the second part in the amount of RMB28,597,000 were fully paid in cash on April 1, 2019 and May 10, 2019, respectively. Both installments were settled utilizing internal resources of our Group. The remaining amount is expected to be paid on or before October 15, 2019, subject to any postponement pursuant to the equity transfer framework agreement. As of the Latest Practicable Date, our Company indirectly holds 34% of equity interest in Hangzhou Kunsheng and it has been accounted for as a joint venture of our Company.

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6. The Nanchang Jiajing Acquisition

In March 2019 and May 2019, Jingdezhen Liangrui Property Co., Ltd. (景德鎮梁瑞置業有限公司) (“**Jingde Liangrui**”), an indirect wholly-owned subsidiary of our Company, entered into a cooperative framework agreement and a cooperative agreement, respectively, with Anhui Honglan Real Estate Development Co., Ltd. (安徽弘嵐房地產開發有限公司) (“**Anhui Honglan**”). Pursuant to the cooperative framework agreement and the cooperative agreement, Jingde Liangrui agreed to acquire 34% of equity interest in Nanchang Jiajing Real Estate Development Co., Ltd. (南昌佳境房地產開發有限公司) (“**Nanchang Jiajing**”) by capital injection. It was the intention of the parties to jointly develop the land parcel held by Nanchang Jiajing. According to the cooperative framework agreement and the cooperative agreement, the total consideration was RMB179,630,721, which was determined with reference to the registered capital of Nanchang Jiajing, the amount of capital injection, the cost of land parcel held by Nanchang Jiajing and the interest for the cost of land parcel prepaid by Anhui Honglan. The final amount of interest for the cost of land parcel, which constitutes part of the total consideration, may be adjusted depending on the time of payment by Jingde Liangrui. To the best knowledge, information and belief of our Directors having made all reasonable enquiry, each of Anhui Honglan, Nanchang Jiajing and their ultimate beneficial owners was independent third party of our Company and its connected persons.

Nanchang Jiajing is a company established in the PRC on April 9, 2019 and is an investment holding company. As of the date of its establishment, Nanchang Jiajing had an initial registered capital of RMB3,300,000. Upon the capital injection by Anhui Honglan and Jingde Liangrui, the registered capital of Nanchang Jiajing will be increased to RMB100,000,000. Since Nanchang Jiajing was established in April 2019, no financial information for the year ended December 31, 2018 is available.

The first installment of the consideration in the amount of RMB145,751,727, being the cost of land parcel in proportion to Jingde Liangrui’s equity interest in Nanchang Jiajing and interest for the cost of land parcel prepaid by Anhui Honglan (as adjusted), was fully paid in cash on March 22, 2019. The second installment of the consideration in the amount of RMB34,000,000, being the amount of capital injection, was fully paid in cash on May 29, 2019. Both installments of the consideration were settled utilizing internal resources of our Group. As of the Latest Practicable Date, our Company indirectly holds 34% of equity interest in Nanchang Jiajing and it has been accounted for as an associate of our Company.

7. The Ningbo Yunmao Acquisition

In March 2019, Changzhou Hongrun Property Co., Ltd. (常州弘潤置業有限公司) (“**Changzhou Hongrun**”), an indirect wholly-owned subsidiary of our Company, entered into a cooperative development agreement with Nanjing Xiangzhou Real Estate Development Limited (南京翔洲房地產開發有限公司) (“**Nanjing Xiangzhou**”), pursuant to which Changzhou Hongrun agreed to acquire 30% of equity interest in Ningbo Yunmao Property Co., Ltd. (寧波昀茂置業有限公司) (“**Ningbo Yunmao**”) from Nanjing Xiangzhou, which then held 70% of equity interest in Ningbo Yunmao. It was the intention of the parties and Beijing Xingmao Property Co., Ltd. (北京興茂置業有限公司) (“**Beijing Xingmao**”), which is another shareholder interested in 30% of equity interest in Ningbo Yunmao, to jointly develop the land parcel held by Nanjing Shimao Property Co., Ltd. (南京實茂置業有限公司), a wholly-owned subsidiary of Ningbo Yunmao. The total consideration was RMB111,192,403.71, which was determined with reference to the amount of registered capital of Ningbo

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Yunmao contributed by Nanjing Xiangzhou, the advanced funds contributed by Beijing Xingmao and the amount of prepaid interests of the advanced funds contributed by Beijing Xingmao. Changzhou Hongrun also agreed to bear 30% of the cost of land parcel and construction costs to be incurred in the property project in proportion to its equity interest in Ningbo Yunmao. To the best knowledge, information and belief of our Directors having made all reasonable enquiry, each of Nanjing Xiangzhou, Ningbo Yunmao and their ultimate beneficial owners was independent third party of our Company and its connected persons.

Ningbo Yunmao is a company established in the PRC on January 29, 2018 and is an investment holding company. As of the date of its establishment, Ningbo Yunmao had an initial registered capital of RMB5,000,000, which will be paid up on or before January 3, 2032. According to the unaudited management accounts of Ningbo Yunmao, its total assets amounted to RMB146,014,594.62 as of December 31, 2018, and its total revenue was nil for the year ended December 31, 2018. It recorded net profit of RMB7,008.46 for the year ended December 31, 2018.

The consideration in the amount of RMB111,192,403.71 was fully paid in cash on March 26, 2019, utilizing internal resources of our Group. As of the Latest Practicable Date, our Company does not, directly or indirectly, hold any equity interest in Ningbo Yunmao. Upon completion of the Ningbo Yunmao Acquisition, our Company will be indirectly interested in 30% of equity interest in Ningbo Yunmao and it will be accounted for as an associate of our Company.

8. The Yantai Anguang Acquisition

In March 2019, Shanghai Zhongliang Dingfeng Technology Co., Ltd. (上海中梁鼎澧科技有限公司) (“**Zhongliang Dingfeng**”), an indirect subsidiary of our Company, entered into a cooperative agreement with Yantai Shengxin Industry Co., Ltd. (烟台盛鑫實業有限公司) (“**Yantai Shengxin**”), Yantai Zhifu District Zhichu Street Beishangfang Residents Committee (烟台芝罘區只楚街道北上坊居民委員會) and Yantai Anguang Property Co., Ltd. (烟台安廣置業有限公司) (“**Yantai Anguang**”), pursuant to which Zhongliang Dingfeng agreed to acquire 90% of equity interest in Yantai Anguang by way of capital injection. It was the intention of the parties to jointly develop the land parcel held by Yantai Anguang. The total consideration was RMB191,630,232, which was determined with reference to the loans owed by Yantai Anguang. To the best knowledge, information and belief of our Directors having made all reasonable enquiry, each of Yantai Shengxin, Yantai Zhifu District Zhichu Street Beishangfang Residents Committee, Yantai Anguang and their ultimate beneficial owners was independent third party of our Company and its connected persons.

Yantai Anguang is a company established in the PRC on May 8, 2018 and is an investment holding company. As of the date of its establishment, Yantai Anguang had an initial registered capital of RMB10,000,000, which will be paid up on or before May 7, 2048. Upon capital injection by Zhongliang Dingfeng, the registered capital of Yantai Anguang will be increased to RMB100,000,000. According to the unaudited management accounts of Yantai Anguang, its total assets amounted to RMB191,636,527 as of December 31, 2018, and its total revenue was nil for the year ended December 31, 2018. It recorded net profit of RMB1,985 for the year ended December 31, 2018.

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According to the cooperative agreement, the amount of consideration of RMB191,630,232 will be settled in three installments utilizing internal resources of our Group. The first installment in the amount of RMB100,000,000 will be paid within five days upon completion of the transfer of 90% of equity interest in Yantai Anguang to Zhongliang Dingfeng. The second installment in the amount of RMB91,630,232 will be paid within 45 days after the settlement of the first installment above. As of the Latest Practicable Date, our Company does not, directly or indirectly, hold any equity interest in Yantai Anguang. Upon completion of the Yantai Anguang Acquisition, our Company will be indirectly interested in 90% of equity interest in Yantai Anguang and it will be accounted for as a subsidiary of our Company.

9. The Hangzhou Zhehan Acquisition

In April 2019, Shanghai Youhan Property Co., Ltd. (上海友漢置業有限公司) (“**Shanghai Youhan**”), an indirect wholly-owned subsidiary of our Company, entered into a cooperative development agreement with, among others, Hangzhou Rongjun Real Estate Development Co., Ltd. (杭州融珺房地產開發有限公司) (“**Hangzhou Rongjun**”), Hangzhou Zhehan Real Estate Development Co., Ltd. (杭州哲瀚房地產開發有限公司) (“**Hangzhou Zhehan**”) and its wholly-owned subsidiary, Yueqing Rongliang Real Estate Development Co., Ltd. (樂清市融梁房地產開發有限公司) (“**Yueqing Rongliang**”), pursuant to which Shanghai Youhan agreed to acquire 34% of equity interest in Hangzhou Zhehan from Hangzhou Rongjun. It was the intention of the parties to jointly develop the land parcel held by Yueqing Rongliang. The total consideration was RMB91,885,000, which was determined with reference to the registered capital of Hangzhou Zhehan to be paid by Shanghai Youhan and the cost of land parcel held by Yueqing Rongliang. To the best knowledge, information and belief of our Directors having made all reasonable enquiry, each of Hangzhou Rongjun, Hangzhou Zhehan, Yueqing Rongliang, other parties to the cooperative development agreement and their ultimate beneficial owners was independent third party of our Company and its connected persons.

Hangzhou Zhehan is a company established in the PRC on April 3, 2018 and is an investment holding company. As of the date of its establishment, Hangzhou Zhehan had an initial registered capital of RMB10,000,000, which will be paid up on or before March 31, 2038. According to the unaudited management accounts of Hangzhou Zhehan, its total assets was nil as of December 31, 2018, and its total revenue was nil for the year ended December 31, 2018. It recorded no net profit for the year ended December 31, 2018.

The first installment of the consideration in the amount of RMB88,485,000, being the land premium and the cost of land parcel in proportion to Shanghai Youhan’s equity interest in Hangzhou Zhehan, was fully paid in cash on April 26, 2019, utilizing internal resources of our Group. The second installment of the consideration in the amount of RMB3,400,000, being the registered capital of Hangzhou Zhehan to be paid up by Shanghai Youhan, will be settled on or before March 31, 2038. As of the Latest Practicable Date, our Company indirectly holds 34% of equity interest in Hangzhou Zhehan and it has been accounted for as a joint venture of our Company.

10. The Liang’an Shengshi Acquisition

In April 2019, Xi’an Liangheng Tuocheng Property Co., Ltd. (西安梁恒拓城置業有限公司) (“**Xi’an Liangheng Tuocheng**”), an indirect wholly-owned subsidiary of our Company, entered into a cooperative

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agreement with, among others, Xixian Xinqu Konggang Xincheng Dongshang Hospital Management Co., Ltd. (西咸新區空港新城東上醫院管理有限公司) (“**Dongshang Hospital Management**”), pursuant to which Xi’an Liangheng Tuocheng agreed to acquire 100% of equity interest in Xixian Xinqu Konggang Xincheng Liang’an Shengshi Property Co., Ltd. (西咸新區空港新城梁安盛世置業有限公司) (“**Liang’an Shengshi**”) from Dongshang Hospital Management. The total amount of consideration was RMB236,252,000, which was determined based on the consideration of equity transfer and the cost of land parcel held by Liang’an Shengshi. The final amount of total consideration may be adjusted subject to occurrence of certain events at later stage as stipulated in the cooperative agreement. To the best knowledge, information and belief of our Directors having made all reasonable enquiry, each of Dongshang Hospital Management, Liang’an Shengshi, other parties to the cooperative agreement and their ultimate beneficial owners was independent third party of our Company and its connected persons.

Subsequently, in April 2019, Xi’an Liangheng Tuocheng entered into a cooperation framework agreement with each of the three independent third parties (collectively, the “**Purchasers**”); and in May 2019, Chengdu Zhongliang Property Co., Ltd. (成都中梁置業有限公司) (“**Chengdu Zhongliang**”) (the sole shareholder of Xi’an Liangheng Tuocheng), Xi’an Liangheng Tuocheng and Liang’an Shengshi further entered into a cooperation development agreement, with the Purchasers. Pursuant to the three cooperation framework agreements and the cooperation development agreement, Chengdu Zhongliang agreed to transfer 15%, 5% and 5% of the equity interest in Xi’an Liangheng Tuocheng to the Purchasers for either (i) nil consideration if the registered capital of Xi’an Liangheng Tuocheng has not yet been paid by Chengdu Zhongliang as of the date of equity transfer, or (ii) consideration of RMB1,500,000, RMB500,000 and RMB500,000, respectively, if the registered capital of Xi’an Liangheng Tuocheng has been paid by Chengdu Zhongliang as of the date of equity transfer. The consideration to be paid by each Purchaser to Chengdu Zhongliang in cash was determined based on the registered capital of Xi’an Liangheng Tuocheng.

Liang’an Shengshi is a company established in the PRC on April 14, 2019 and is an investment holding company. As of the date of its establishment, Liang’an Shengshi had an initial registered capital of RMB10,000,000, which will be paid up on or before April 30, 2039. Since Liang’an Shengshi was established in April 2019, no financial information for the year ended December 31, 2018 is available.

The first installment of consideration in the amount of RMB49,610,000 and the second installment of consideration in the amount of RMB33,080,000, each part represents a portion of the cost of land parcel held by Liang’an Shengshi, were fully paid in cash on April 17, 2019 and May 31, 2019, respectively. Pursuant to the cooperation framework agreement and the cooperation development agreement entered into in April 2019 and May 2019, respectively, 75% of the two installments (in an aggregate amount of RMB62,017,500) was settled by Xi’an Liangheng Tuocheng utilizing internal resources of our Group, and 25% of the two installments (in an aggregate amount of RMB20,672,500) was settled by the Purchasers. The remaining consideration in the amount of RMB153,562,000 will be paid at later stage. As of the Latest Practicable Date, our Company indirectly holds 100% of equity interest in Liang’an Shengshi and it has been accounted for as a subsidiary of our Company.

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11. The Rui'an Xinyu Hengjin Acquisition

In April 2019, Cangnan Liangding Property Co., Ltd. (蒼南縣梁定置業有限公司) (“**Cangnan Liangding**”), an indirect wholly-owned subsidiary of our Company, entered into a cooperative development framework agreement and a memorandum to the cooperative development framework agreement with Hangzhou Jinglanchuang Trading Limited Company (杭州景瀾創商貿有限責任公司) (“**Hangzhou Jinglanchuang**”) and Rui'an Hongqian Property Co., Ltd. (瑞安鴻騫置業有限公司) (“**Rui'an Hongqian**”), pursuant to which Cangnan Liangding agreed to acquire 33% of equity interest in Rui'an Xinyu Hengjin Property Co., Ltd. (瑞安新裕恒錦置業有限公司) (“**Rui'an Xinyu Hengjin**”) from Hangzhou Jinglanchuang and Rui'an Hongqian agreed to acquire 34% equity interest in Rui'an Xinyu Hengjin from Hangzhou Jinglanchuang. It was the intention of the parties to jointly develop the land parcel held by Rui'an Xinyu Hengjin. The total amount of consideration was RMB271,141,200, which was determined based on the registered capital of Rui'an Xinyu Hengjin and the cost of land parcel held by Rui'an Xinyu Hengjin prepaid by Hangzhou Jinglanchuang. Cangnan Liangding also agreed to bear 33% of the cost of land parcel held by Rui'an Xinyu Hengjin, tax and relevant preliminary expenses to be incurred in the property project in proportion to its equity interest in Rui'an Xinyu Hengjin. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, each of Hangzhou Jinglanchuang, Rui'an Hongqian, Rui'an Xinyu Hengjin and their ultimate beneficial owners was independent third party of our Company and its connected persons.

Rui'an Xinyu Hengjin is a company established in the PRC on March 20, 2019 and is an investment holding company. As of the date of its establishment, Rui'an Xinyu Hengjin had an initial registered capital of RMB210,000,000, which will be paid up on or before March 18, 2039. Since Rui'an Xinyu Hengjin was established in March 2019, no financial information for the year ended December 31, 2018 is available.

The first installment of the consideration in the amount of RMB201,841,200, being part of the cost of land parcel prepaid by Hangzhou Jinglanchuang, was fully paid in cash on March 26, 2019, utilizing internal resources of our Group. The remaining amount of consideration in the amount of RMB69,300,000, being the registered capital of Rui'an Xinyu Hengjin to be paid up by Cangnan Liangding, will be settled on or before March 18, 2039. As of the Latest Practicable Date, our Company does not, directly or indirectly, hold any equity interest in Rui'an Xinyu Hengjin. Upon completion of the Rui'an Xinyu Hengjin Acquisition, our Company will be indirectly interested in 33% of equity interest in Rui'an Xinyu Hengjin and it will be accounted for as an associate of our Company.

12. The Hangzhou Junhui and Zhuji Xiangsheng Xiangjun Acquisitions

In May 2019, Wenzhou Zhongliangxiang Property Co., Ltd. (溫州中梁祥置業有限公司) (“**Wenzhou Zhongliangxiang**”), an indirect wholly-owned subsidiary of our Company, entered into a cooperative framework agreement with Xiangsheng Real Estate Group Co., Ltd. (祥生地產集團有限公司) (“**Xiangsheng**”) and Shaoxing Kerong Business Management Co., Ltd. (紹興科榮企業管理有限公司) (“**Shaoxing Kerong**”), pursuant to which Wenzhou Zhongliangxiang agreed to acquire 50% of equity interest in Hangzhou Junhui Business Management Co., Ltd. (杭州駿輝企業管理有限公司) (“**Hangzhou Junhui**”) and 9.5% of equity interest in Zhuji Xiangsheng Xiangjun Property Co., Ltd. (諸暨祥生祥駿置業有限公司) (“**Zhuji Xiangsheng Xiangjun**”) from Xiangsheng,

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while Shaoxing Kerong agreed to acquire 50% of equity interest in Hangzhou Junhui and 8.5% of equity interest in Zhuji Xiangsheng Xiangjun from Xiangsheng. Pursuant to the cooperative framework agreement, Hangzhou Junhui holds 49% of equity interest in Zhuji Xiangsheng Xiangjun. It was the intention of the parties to jointly develop the land parcel held by Zhuji Xiangsheng Xiangjun. The total amount of consideration for the Hangzhou Junhui Acquisition and the Zhuji Xiangsheng Xiangjun Acquisition was nil, which was determined based on the registered capital of Zhuji Xiangsheng Xiangjun, as the registered capital of Zhuji Xiangsheng Xiangjun has not been paid up at the time of signing of the agreement. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, each of Xiangsheng, Shaoxing Kerong, Hangzhou Junhui, Zhuji Xiangsheng Xiangjun and their ultimate beneficial owners was independent third party of our Company and its connected persons.

Hangzhou Junhui is a company established in the PRC on April 26, 2018 and is an investment holding company. As of the date of its establishment, Hangzhou Junhui had an initial registered capital of RMB1,000,000, which will be paid up on or before December 31, 2027. According to the unaudited management accounts of Hangzhou Junhui, its total assets was RMB4,753.35 as of December 31, 2018, and its total revenue was nil for the year ended December 31, 2018. It recorded net loss of RMB146.65 for the year ended December 31, 2018.

Zhuji Xiangsheng Xiangjun is a company established in the PRC on April 28, 2019 and is an investment holding company. As of the date of its establishment, Zhuji Xiangsheng Xiangjun had an initial registered capital of RMB1,000,000, which will be paid up on or before December 31, 2035. Since Zhuji Xiangsheng Xiangjun was established in April 2019, no financial information for the year ended December 31, 2018 is available.

As of the Latest Practicable Date, (i) Hangzhou Junhui directly holds 49% of equity interest in Zhuji Xiangsheng Xiangjun, (ii) our Company indirectly holds 50% of equity interest in Hangzhou Junhui and it has been accounted for as a joint venture of our Company, and (iii) through its 50% of equity interest in Hangzhou Junhui, our Company also indirectly holds 24.5% of equity interest in Zhuji Xiangsheng Xiangjun (being 50% of the 49% equity interest in Zhuji Xiangsheng Xiangjun held by Hangzhou Junhui). Upon completion of the Zhuji Xiangsheng Xiangjun Acquisition, our Company will indirectly hold an additional 9.5% of equity interest in Zhuji Xiangsheng Xiangjun, hence our Company will be indirectly interested in a total of 34% of equity interest in Zhuji Xiangsheng Xiangjun. Pursuant to the cooperative framework agreement, the parties will further enter into an acting-in-concert agreement after the completion of the Zhuji Xiangsheng Xiangjun Acquisition, under which Wenzhou Zhongliangxiang will gain the control of the board of directors of both Hangzhou Junhui and Zhuji Xiangsheng Xiangjun, so that each of Hangzhou Junhui and Zhuji Xiangsheng Xiangjun will be accounted for as a subsidiary of our Company.

13. The Jingjiang Zhongliangyu Acquisition

In May 2019, Nantong Hongli Property Co., Ltd. (南通宏立置業有限公司) (“**Nantong Hongli**”), an indirect majority-owned subsidiary of our Company, entered into an equity transfer agreement with Hongxiang Real Estate Company Limited (鴻翔房地產有限公司) (“**Hongxiang**”), pursuant to which Nantong Hongli agreed to acquire 50% of equity interest in Jingjiang Zhongliangyu Property Co., Ltd. (靖江市中梁域置業有限公司)

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

(“**Jingjiang Zhongliangyu**”) from Hongxiang for nil consideration, which was determined based on the registered capital of Jingjiang Zhongliangyu, as the registered capital has not been paid up at the time of signing of the agreement. Nantong Hongli also agreed to contribute to 50% of the registered capital of Jingjiang Zhongliangyu. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, each of Hongxiang, Jingjiang Zhongliangyu and their ultimate beneficial owners was independent third party of our Company and its connected persons.

Jingjiang Zhongliangyu is a company established in the PRC on March 19, 2019 and is an investment holding company. As of the date of its establishment, Jingjiang Zhongliangyu had an initial registered capital of RMB100,000,000, which will be paid up on or before January 1, 2040. Since Jingjiang Zhongliangyu was established in March 2019, no financial information for the year ended December 31, 2018 is available.

As of the Latest Practicable Date, our Company indirectly holds 50% of equity interest in Jingjiang Zhongliangyu. As Nantong Hongli is entitled to control the board of directors of Jingjiang Zhongliangyu according to an acting-in-concert agreement dated May 28, 2019 entered into between Nantong Hongli and Longxin Haiyue Property (Jingjiang) Co., Ltd. (龍信海悅置業(靖江)有限公司), which is another shareholder of Jingjiang Zhongliangyu, Jingjiang Zhongliangyu has been accounted for as a subsidiary of our Company.

14. The Plenty Thrive Acquisition

In May 2019, Liangheng, an indirect wholly-owned subsidiary of our Company, entered into a cooperation agreement with, among others, China Jinmao Holdings Group Limited (“**China Jinmao**”) (the sole shareholder of Plenty Thrive Investment Limited (“**Plenty Thrive**”)) and Champion Apex Limited (“**Champion Apex**”), pursuant to which Liangheng agreed to acquire 24.5% of equity interest in Plenty Thrive by way of capital injection. It was the intention of the parties to jointly develop the land parcel held by Rui’an Jiamao Real Estate Co., Ltd. (瑞安佳茂置業有限公司) (“**Rui’an Jiamao**”), an indirect wholly-owned subsidiary of Plenty Thrive. The total amount of consideration is (i) US\$21,290,500 or (ii) the value of such shares according to the State-owned Assets Supervision and Administration Commission (tentatively on March 31, 2019), whichever is higher. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, each of China Jinmao, Champion Apex, Plenty Thrive, Rui’an Jiamao, other parties to the cooperation agreement and their ultimate beneficial owners was independent third party of our Company and its connected persons.

Plenty Thrive is a company incorporated in the British Virgin Islands with limited liability on January 3, 2018 and is an investment holding company. As of the date of its establishment, Plenty Thrive had issued share capital of US\$1. Upon completion of the capital injection by Liangheng and Champion Apex, the issued share capital of Plenty Thrive will be increased to US\$86,900,001. According to the unaudited management accounts of Plenty Thrive, its total assets was RMB0.27 as of December 31, 2018, and its total revenue was nil for the year ended December 31, 2018. It recorded net profit of RMB0.28 for the year ended December 31, 2018.

According to the cooperation agreement, the amount of consideration will be paid within seven business days after the share subscription has been completed. As of the Latest Practicable Date, our Group does not, directly or indirectly, hold any equity interest in Plenty Thrive. Upon completion of the Plenty Thrive

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Acquisition, our Company will be indirectly interested in 24.5% of equity interest in Plenty Thrive and it will be accounted for as an associate of our Company.

15. The Quanzhou Hongguang Acquisition

In May 2019, Xiamen Liangtuo Property Co., Ltd. (廈門梁拓置業有限公司) (“**Xiamen Liangtuo**”), an indirect majority-owned subsidiary of our Company, entered into a cooperative development agreement with, among others, Xiamen Yangguang Tiancheng Real Estate Development Limited (廈門陽光天城房地產開發有限公司) (“**Yangguang Tiancheng**”), pursuant to which Xiamen Liangtuo agreed to acquire 16% of equity interest in Quanzhou Hongguang Real Estate Development Limited (泉州弘光房地產開發有限公司) (“**Quanzhou Hongguang**”) from Yangguang Tiancheng. It was the intention of the parties to jointly develop the land parcel held by Quanzhou Hongguang. The total amount of consideration was RMB54,544,000, which was determined based on the registered capital of Quanzhou Hongguang. Xiamen Liangtuo also agreed to bear 16% of the cost of land parcel held by Quanzhou Hongguang, tax and transaction fees to be incurred in the property project in proportion to its equity interest in Quanzhou Hongguang. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, each of Yangguang Tiancheng, Quanzhou Hongguang, other parties to the cooperative development agreement and their ultimate beneficial owners was independent third party of our Company and its connected persons.

Quanzhou Hongguang is a company established in the PRC on May 5, 2019 and is an investment holding company. As of the date of its establishment, Quanzhou Hongguang had an initial registered capital of RMB340,900,000, which has been fully paid up on May 16, 2019. Since Quanzhou Hongguang was established in May 2019, no financial information for the year ended December 31, 2018 is available.

The amount of consideration of RMB54,544,000 was fully paid in cash on May 16, 2019, utilizing internal resources of our Group. As of the Latest Practicable Date, our Company does not, directly or indirectly, hold any equity interest in Quanzhou Hongguang. Upon completion of the Quanzhou Hongguang Acquisition, our Company will be indirectly interested in 16% of equity interest in Quanzhou Hongguang and it will be accounted for as a joint venture of our Company.

16. The Wuxi Xiangrong Acquisition

In May 2019, Suzhou Liangda Property Co., Ltd. (蘇州梁達置業有限公司) (“**Suzhou Liangda**”), an indirect majority-owned subsidiary of our Company, entered into a cooperative development agreement with Wuxi Purong Business Management Co., Ltd. (無錫璞融企業管理有限公司) (“**Wuxi Purong**”), pursuant to which Suzhou Liangda agreed to acquire 40% of equity interest in Wuxi Xiangrong Property Co., Ltd. (無錫向融置業有限公司) (“**Wuxi Xiangrong**”) by way of capital injection. It was the intention of the parties to jointly develop the land parcel held by Wuxi Xiangrong. The total amount of consideration was RMB14,000,000, which was determined based on the registered capital of Wuxi Xiangrong. Suzhou Liangda also agreed to bear 40% of the cost of land parcel held by Wuxi Xiangrong, tax, transaction fees and costs to be incurred in the property project in proportion to its equity interest in Wuxi Xiangrong. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, each of Wuxi Purong, Wuxi Xiangrong and their ultimate beneficial owners was independent third party of our Company and its connected persons.

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Wuxi Xiangrong is a company established in the PRC on April 28, 2019 and is an investment holding company. As of the date of its establishment, Wuxi Xiangrong had an initial registered capital of RMB21,000,000. Upon capital injection by Wuxi Xiangrong, the registered capital of Wuxi Xiangrong has been increased to RMB35,000,000, which has been fully paid up in June 2019. Since Wuxi Xiangrong was established in April 2019, no financial information for the year ended December 31, 2018 is available.

The amount of consideration of RMB14,000,000 was fully paid in cash on June 12, 2019, utilizing internal resources of our Group. As of the Latest Practicable Date, our Company indirectly holds 40% of equity interest in Wuxi Xiangrong and it has been accounted for as a joint venture of our Company.

Reasons for and Benefits of the Post-Track Record Period Acquisitions

Our Group is a large-scale comprehensive property developer in China. The purpose of each of the post-Track Record Period acquisitions described above was to obtain land use rights and/or other rights to assets held by each of the target companies, so as to enable our Group to further develop property projects and broadening its revenue base.

Having taken into account the above factors, our Directors believe that the terms of each of these post-Track Record Period acquisitions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

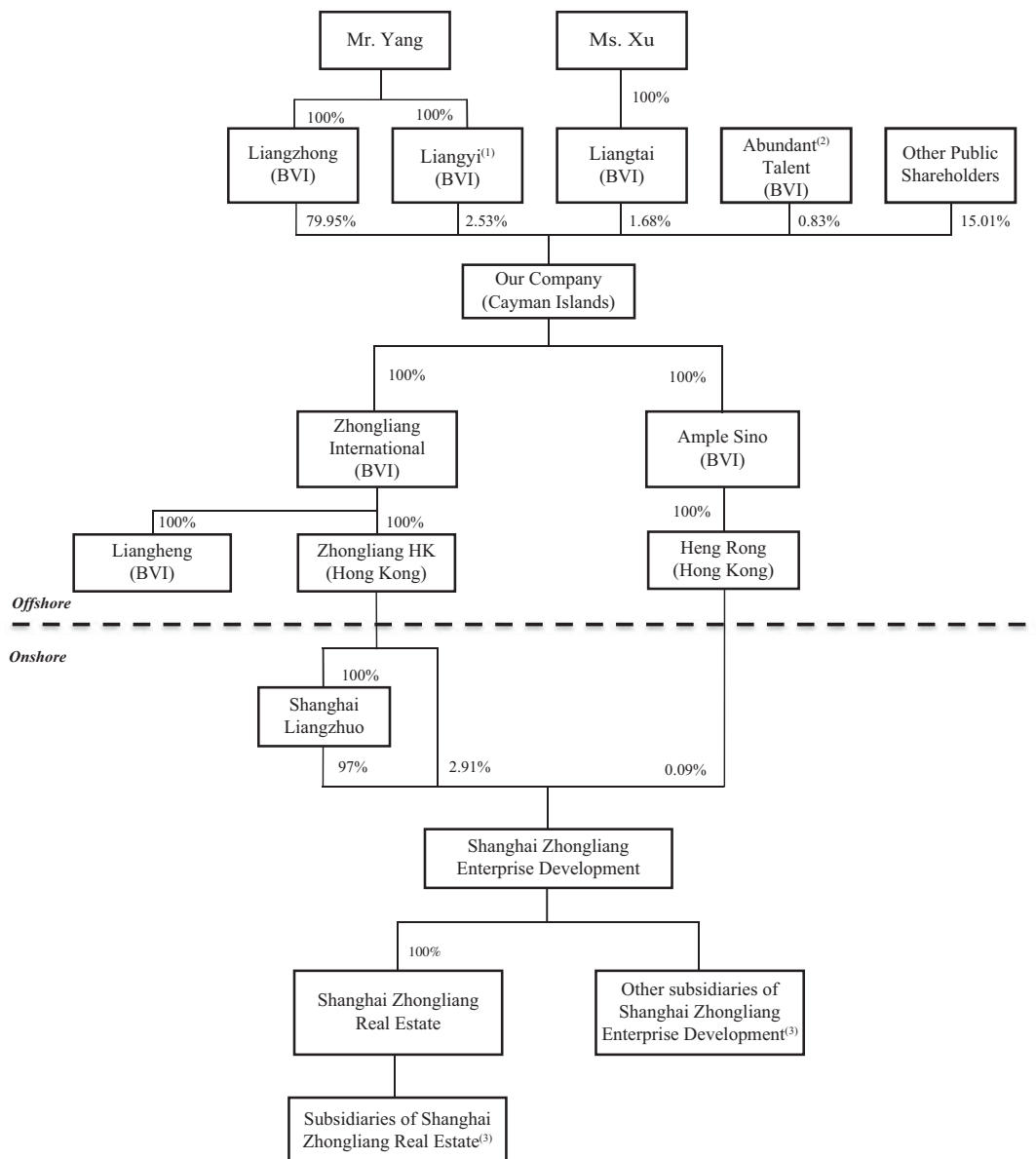
Application for Waiver

We have applied to the Stock Exchange, and the Stock Exchange has granted to us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in relation to the post-Track Record Period acquisitions. For details, see “Waivers from Strict Compliance with the Listing Rules — Waiver from Strict Compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules.”

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE UPON COMPLETION OF THE GLOBAL OFFERING

Set forth below is our simplified corporate structure upon completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised):



Notes:

- (1) The Shares held by Liangyi may be used for share incentive plan(s) in the future.
- (2) Abundant Talent is owned as to 100% by Mr. Lei, our pre-IPO investor. For details of the pre-IPO investment and backgrounds of Abundant Talent and Mr. Lei, please see the section headed “— Pre-IPO Investment” above.
- (3) As of December 31, 2018, these included 838 subsidiaries (including two offshore subsidiaries incorporated in Hong Kong and BVI respectively, both with no substantial business operations) and 102 joint ventures and associates. Please see the section headed “Accountants’ Report” in Appendix I for further details and particulars of our major subsidiaries and joint ventures and associates.

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PRC Regulatory Requirements

Our PRC Legal Advisers advised that the acquisition of 3.138% equity interest in Shanghai Zhongliang Enterprise Development by Heng Rong from Suzhou Huacheng (the “**First Transfer**”) is subject to the M&A Rules and 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). Shanghai Zhongliang Enterprise Development 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 First Transfer pursuant to the M&A Rules and the Circular 6. After the First Transfer, Shanghai Zhongliang Enterprise Development became a sino-foreign joint venture enterprise. For the capital injection into Shanghai Zhongliang Enterprise Development by Shanghai Liangzhuo (the “**Capital Injection**”), our PRC Legal Advisers advised that since Shanghai Liangzhuo injected the capital into Shanghai Zhongliang Enterprise Development and own 97% of equity interest in Shanghai Zhongliang Enterprise Development after Shanghai Zhongliang Enterprise Development was converted into a sino-foreign joint venture enterprise, the Capital Injection is the capital injection in a foreign invested enterprise, and thus, the M&A Rules are not applicable to the Capital Injection. Instead, the Capital Injection shall comply with the Rules on the Changes of Shareholding of Foreign-invested Enterprise Investor (外商投資企業投資者股權變更的若干規定) (the “**Rules**”) and the Circular 6, and Shanghai Zhongliang Enterprise Development has obtained the record-filing receipts for the change of foreign-invested enterprises (外商投資企業變更備案回執) and the new business license for Capital Injection pursuant to the Rules and the Circular 6. For the acquisition of 2.91% equity interest in Shanghai Zhongliang Enterprise Development by Zhongliang HK from Suzhou Huacheng (the “**Second Transfer**”), our PRC Legal Advisers advised that since Suzhou Huacheng transferred 2.91% equity interest in Shanghai Zhongliang Enterprise Development to Zhongliang HK after Shanghai Zhongliang Enterprise Development was converted into a sino-foreign joint venture enterprise, the Second Transfer is the equity transfer in a foreign invested enterprise, and thus, the M&A Rules are not applicable to the Second Transfer. Instead, the Second Transfer shall comply with the Rules and the Circular 6, and Shanghai Zhongliang Enterprise Development has obtained the record-filing receipts for the change of foreign-invested enterprises (外商投資企業變更備案回執) and the new business license for Second Transfer pursuant to the Rules and the Circular 6. Our PRC Legal Advisers is of the view that the First Transfer has been completed in accordance with the M&A Rules and Circular 6, the Capital Injection has been completed in accordance with the Rules and the Circular 6, and the Second Transfer has been completed in accordance with the Rules and the Circular 6.

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

According to Circular No. 37 and Circular No.13 promulgated by the SAFE, PRC residents are required to make registration regarding establishing or controlling offshore companies. Our PRC Legal Advisers confirmed that Mr. Yang and Ms. Xu had all completed the initial registration on June 27, 2018, under Circular No. 37 and Circular No. 13.

OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

To the best knowledge of the Directors, as of the Latest Practicable Date, our Company was not aware of any non-compliance with any applicable PRC laws and regulations of the joint ventures which would have a material adverse effect on the value of our Group's interest in such joint ventures.

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OVERVIEW

We are a fast-growing large-scale comprehensive real estate developer in China, based in the Yangtze River Delta Economic Region with a national footprint. We have been recognized as a top 100 real estate developer in China by PRC Real Estate Top 10 Research Team for six consecutive years since 2014 in terms of comprehensive development capability. We were recognized as a top 25 and a top 20 real estate developer in China by China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Center in 2018 and 2019, respectively. We were also ranked first among the top ten real estate developers in China in terms of growth rate in 2018 and development potential in 2019, respectively, recognized by China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Center. Moreover, we were ranked 19th among all real estate developers in China in 2018 in terms of comprehensive strengths recognized by Yihan Zhiku. Our “Zhongliang” brand is well-established nationwide, which has been recognized as a top three most valuable real estate brand in eastern China for four consecutive years from 2015 to 2018 by PRC Real Estate Top 10 Research Team.

Our rapid growth during the Track Record Period is partially attributable to our implementation of various standardized modules, covering the entire value chain of property development from land acquisition, construction and development to marketing and sales, which ensure high operating efficiency while maintaining relatively low operating costs and expenses. Our standardized land acquisition modules provide detailed land acquisition criteria and disciplined procedural guidance, based on various factors and applicable for various product types in different locations. We adopt multiple land acquisition methods to expand our land bank. We also implement standardized operating modules in connection with our product design and development. We currently offer three main standardized series of residential properties, namely, the Shanti, the Glory and the Royal series (“香”系列、“御”系列及“國”系列), targeting first-time home purchasers, first-time home upgraders and second-time home upgraders, respectively. Under each standardized residential property series, we further fine-tune the products into two or three separate product lines. First-time home purchasers usually refer to those who are buying their residential properties for the first time. Such purchasers are more concerned about, among others, the property’s functionality, space efficient floor plans and purchase price. To cater to these purchasers, we develop the property products, mainly the Shanti series, which are featured with well designed living spaces, basic community facilities and other amenities, as well as affordable price. First-time home upgraders usually refer to those who are already home owners and expect to improve existing living environment. These purchasers are concerned about various aspects of the new home, especially the upgraded and comprehensive living spaces and utilities, community landscape, community reputation and ancillary facilities. To cater to these purchasers, we develop the property products, mainly the Glory series, which are featured with multi-functional interior utilities, elegant building facade designs, and comfortable and secured community facilities. Second-time home upgraders usually refer to those who have multiple home purchases in the past. Such purchasers are looking not only for functionality, but also to use their homes to interact and socialize with others to enhance their overall living experience. To cater to these purchasers, we develop the property products, mainly the Royal series, which are featured with high quality construction materials and tasteful interior and exterior designs, large living spaces, grand and leisure community facilities that can accommodate various activities for different groups of residents.

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We have established a valuable product database with over 70 sets of standardized product design models. We formulate and implement standardized marketing modules which are embedded with multiple standardized key performance indicators to evaluate and improve effectiveness of our marketing efforts. We believe our comprehensive standardized operational modules and procedures are the key for our success in rapid replication and expansion.

Our rapid growth during the Track Record Period is also attributable to our management system we call the Amoeba Ecosystem. Under our Amoeba Ecosystem, a large business group is divided into a number of small business units, so-called “Amoebas” or “Amoeba units,” each of which enjoys sufficient autonomy during the operation and follows a result-oriented evaluation and incentive approach, thus encouraging each employee to be actively involved in the management and to share responsibilities and benefits. Such character enables quick horizontal replication and expansion which works well with real estate development business due to its highly replicable nature. With sufficient autonomy, each Amoeba unit enjoys flexibility in managing daily operations, which motivates a number of well-adapted and competent employees and inherently eliminates those incompetent ones. We believe this enhances the competitiveness and vitality of our Group. The flexibility of our Amoeba Ecosystem also enables our senior management to promptly react to evolving market trends, capturing the emerging opportunities or minimizing the potential risks arising therefrom. Taking advantage of our Amoeba Ecosystem, we had achieved significant growth and the number of our onshore subsidiaries had increased from 223 as of December 31, 2016 to 839 as of December 31, 2018 and the number of our employees from over 2,100 as of December 31, 2016 to over 12,500 as of December 31, 2018.

We strive to develop quality residential properties targeting first-time home purchasers, first-time home upgraders and second-time home upgraders. We are also engaged in the development, operation and management of commercial properties and hold a portion of such commercial properties for future investment purpose. We intend to continue to enhance and expand our product portfolio by developing new products catering to the needs of our target customers in different locations. We also plan to prudently pursue new growth opportunities by expanding into new operations that are complementary to our current business. We believe a balanced product mix, together with our existing and potential new businesses, will help diversify our revenue streams, generate recurring income, optimize our resource and asset allocation, and enhance the value and attractiveness of our properties located in the neighboring regions, thus making us less susceptible to any particular market segment. Our residential property projects have also been well recognized. In 2017, Jiaxing Zhongliang Wuyue Capital Park (嘉興中梁吳越首府) was accredited with the WELL-CS platinum pre-certification, being the first real estate project to ever receive such award in China and the LEED-CS platinum pre-certification for LEED Building Design and Construction by the International WELL Building Institute and the U.S. Green Building Council, respectively.

As of March 31, 2019:

- we had established presence in 124 cities in 23 provinces and municipalities across five strategic economic areas, namely, the Yangtze River Delta Economic Region, the Midwest China Economic Region, the Pan-Bohai Economic Rim, the Western Taiwan Straits Economic Zone and the Pearl River Delta Economic Zone;

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- we had 353 projects, including 257 projects developed by our subsidiaries and 96 projects developed by our joint ventures and associates, at various development stages;
- total land bank attributable to us amounted to 38.9 million sq.m., including:
 - approximately 34.0 million sq.m. for property projects developed by our subsidiaries, comprising completed properties available for sale, lease or investment with an aggregate GFA of approximately 1.2 million sq.m., properties under development with an aggregate planned GFA of approximately 27.5 million sq.m. and properties held for future development with an aggregate estimated GFA of approximately 5.3 million sq.m.; among these 34.0 million sq.m., there were ten projects with investment properties under various development stages, including five with completed investment properties with an aggregate GFA of approximately 52.5 thousand sq.m. and five with investment properties under development with an aggregate GFA of approximately 40.9 thousand sq.m.; and
 - approximately 4.9 million sq.m. attributable to us for property projects developed by our joint ventures and associates which is adjusted by our equity interest in the respective project, comprising completed properties available for sale, lease or investment with an aggregate GFA attributable to us of approximately 0.2 million sq.m., properties under development with an aggregate planned GFA attributable to us of approximately 3.6 million sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 1.1 million sq.m.

The aggregate contracted sales of our Group, taking into account the entire contracted sales by our joint ventures and associates, were approximately RMB19.0 billion, RMB64.9 billion, RMB101.5 billion and RMB37.7 billion, respectively, for the years ended December 31, 2016, 2017 and 2018 and the four months ended April 30, 2019. Our aggregate contracted sales, including the contracted sales made by our joint ventures and associates on an attributable basis, were approximately RMB16.5 billion, RMB56.1 billion, RMB84.1 billion and RMB30.0 billion for the years ended December 31, 2016, 2017 and 2018 and the four months ended April 30, 2019, respectively. We define contracted sales as the total contractual value of properties that are contracted for pre-sale and sale in a given period, which is not equivalent to the revenue in the relevant period and shall not be deemed as an indication for the revenue to be recognized in any future period.

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The following table sets forth the movement of our aggregate contracted sales, including the contracted sales by our joint ventures and associates attributable to us, during the Track Record Period and up to April 30, 2019.

| | Year Ended December 31, | | | Four Months Ended April 30, 2019 |
|---|----------------------------|----------|----------|---|
| | 2016 | 2017 | 2018 | |
| | (In RMB millions) | | | |
| Opening aggregate contracted sales that had not been delivered | 9,542 | 24,261 | 68,695 | 119,569 |
| Add: new contracted sales during the year/period | 16,479 | 56,083 | 84,146 | 29,978 |
| Less: pre-sales and sales delivered during the year/period ⁽¹⁾ | (1,760) | (11,649) | (33,272) | (7,910) |
| Ending aggregate contracted sales that had not been delivered . . . | 24,261 | 68,695 | 119,569 | 141,637 |

Note:

- (1) Refer to the aggregate contractual value corresponding to the properties that were physically delivered in the year/period. Contracted sales are not equivalent to the recognized revenue in the same year/period which has been taking into account the tax impact and the impact of the accounting treatment of revenue recognition, particularly the impact of revenue that were recognized over the year/period of the contracts prior to the physical delivery of the properties. Please refer to “Financial Information — Critical Accounting Policies and Estimates — Revenue Recognition” for details.

Our total revenue increased at a CAGR of 221.4% from RMB2,925.4 million in 2016 to RMB30,214.7 million in 2018. We recorded a net loss of RMB269.8 million in 2016, and we recorded a net profit of RMB498.6 million in 2017 and RMB2,526.3 million in 2018, respectively. For a more detailed discussion of the improvement in our revenue and net profit during the Track Record Period, see “Financial Information — Period to Period Comparison of Results of Operations.”

OUR STRENGTHS

We believe our significant growth during the Track Record Period is mainly attributable to the following competitive strengths:

A Fast-growing Large-scale Comprehensive Real Estate Developer with National Footprint and an Established Brand Name in China

- *Fast-growth with National Footprint*

We are a fast-growing large-scale comprehensive real estate developers in China, based in the Yangtze River Delta Economic Region with a national footprint. We focus on the development of residential properties and have recently expanded into the development, operation and management of commercial properties.

We have been recognized as a top 100 real estate developer in China by PRC Real Estate Top 10 Research Team for six consecutive years since 2014 in terms of comprehensive development capability. Our ranking in such top 100 real estate developer list has improved from 59th in 2014 to 29th in 2018. We were recognized as a

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top 25 and a top 20 real estate developer in China by China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Center in 2018 and 2019, respectively. We were also the top one developer in terms of growth rate among real estate developers with sales over RMB50 billion but less than RMB300 billion in China in 2017, according to the China Index Academy Report. Moreover, we were one of the top ten real estate developers in terms of growth in China in 2018, according to the China Index Academy Report. We were also ranked first among the top ten real estate developers in China in terms of growth rate in 2018 and development potential in 2019, respectively, recognized by China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Center. We have experienced a significant growth in recent years. During the Track Record Period, our total revenue increased at a CAGR of 221.4% from RMB2,925.4 million in 2016 to RMB30,214.7 million in 2018. Total land bank attributable to us increased from approximately 7.7 million sq.m. as of December 31, 2016 to 36.4 million sq.m. as of December 31, 2018, which further increased to 38.9 million sq.m. as of March 31, 2019.

With approximately 19 years of experience in the real estate industry in China, we have developed from a regional residential real estate developer focusing on the Yangtze River Delta Economic Region to a comprehensive real estate developer with national footprint. As of March 31, 2019, we had developed a portfolio of 353 projects, comprising 257 projects developed by our subsidiaries and 96 projects developed by our joint ventures and associates and had established presence in 124 cities in 23 provinces and municipalities across five strategic economic areas, namely, the Yangtze River Delta Economic Region, the Midwest China Economic Region, the Pan-Bohai Economic Rim, the Western Taiwan Straits Economic Zone and the Pearl River Delta Economic Zone. We plan to further capitalize on the emerging opportunities and growth potentials in those regions.

- *Well-recognized Brand Name*

Leveraging our product development capability and quality real estate projects, we have well established our “Zhongliang” brand name nationwide. Our strong reputation, brand name and proven track record have won us numerous prizes and awards. Our “Zhongliang” brand has been recognized as a top three most valuable real estate brand in eastern China for four consecutive years from 2015 to 2018 by PRC Real Estate Top 10 Research Team. Our projects have also been well recognized in the market. In 2017, our Jiaying Zhongliang Wuyue Capital Park (嘉興中梁吳越首府) was accredited with the WELL-CS platinum pre-certification, being the first real estate project to receive such award in China, and the LEED-CS platinum pre-certification for LEED Building Design and Construction by the International WELL Building Institute and the U.S. Green Building Council, respectively.

We believe our established reputation and existing market position in China will help us achieve a sustainable long-term growth.

Quality Land Bank Secured by Efficient Expansion Strategy and Strong Land Acquisition Capabilities

Our success and rapid growth largely depends on our ability to accumulate quality land bank which is supported by our market foresights, strong land acquisition capabilities and multi-folded land acquisition methods. We believe such competitiveness will drive our future growth.

BUSINESS

- *Standardized Land Acquisition Decision-making Process and Strong Execution Capability*

Our market insights, in-depth understanding of property market dynamics and diversified land acquisition methods have enabled us to take advantage of the opportunities in the regional market cycles. We are able to reduce risk exposure to any particular region by expanding our operations into various regions. Our land acquisition strategy also enables us to expand our land bank in target locations with relatively lower costs during the market downturn. For instance, we implement multi-folded land acquisition methods to expand our land reserves. In addition to public tender, auction or listing-for-sale, we also acquire land parcels by cooperating with third-party business partners through joint ventures and associates, or by acquiring target projects or target project companies. Such multi-folded land acquisition strategy enables us to quickly react to changing market conditions and acquire land parcels at relatively low cost.

On the other hand, we particularly capitalized on the market opportunities resulting from the deepened policies with respect to the redevelopment of resettlement housing in shantytown areas under the Opinions on Accelerating the Redevelopment of Shantytown Areas (關於加快棚戶區改造工作的意見) (the “**Shantytown Redevelopment Policies**”) issued by the State Council in 2013. Such policies and the associated shantytown monetization resettlement initiatives had caused a strong increase to the demand of residential units in third- and fourth-tier cities. See “Regulation Overview — Redevelopment of Shantytowns” for more details about the relevant policies. In addition, as compared to the first- and second- tier cities which had been subject to tightened control measures on sales and purchase of residential units implemented by the PRC government during the Track Record Period, the pre-sales and sales of residential units in the third- and fourth-tier cities had generally been supported by the favorable Shantytown Redevelopment Policies. Back in 2016, we had strategically increased our exposure in third- and fourth-tier cities, which, together with our strategies to focus on small-sized land parcels, enabled us to shorten our typical property sales cycle and cash flow cycle, in turn, allowing for a rapid replication of our standardized project development process and a remarkable growth in our land bank. Although it has been recently reported by the public media that the shantytown redevelopment has started to slow down, we believe such purported slowdown will not have any material adverse impact on us, on the basis that (i) the majority of our current land bank are located in the third- and fourth-tier cities, while according to the China Index Academy Report, the slowdown will only affect the property markets in certain the third- and fourth-tier cities adjacent to the first-tier cities, where substantial upsurge of property price was recorded, and the Shantytown Redevelopment Policies will continue to be implemented in the third- and fourth-tier cities where swift redevelopment is necessary; (ii) the property markets in the third- and fourth-tier cities in the Yangtze River Delta and the Pearl River Delta have been supported by its population and industries therein, thus, the properties in these two economic regions, which in aggregate accounted for approximately 48.3% of the land bank attributable to us as of March 31, 2019, would still receive strong demand; and (iii) we have recently increased our focus on the second-tier cities, evidenced by the fact that out of 23 land parcels acquired by us in the first quarter of 2019 with an aggregate estimated GFA of 2.9 million sq.m., 13 parcels with an aggregate estimated GFA of 1.7 million sq.m. were located in second-tier cities. As such, we believe the adverse impact of purported slowdown in shantytown redevelopment can be reduced by our diversified geographical presence.

Our efficient land acquisition decisions are assured by standardized land acquisition models, which set forth detailed land acquisition criteria and disciplined procedural guidance, based on various factors, such as

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product types, city levels and land acquisition methods. Among others, each potential project shall meet three sets of project screening and evaluation criteria, namely, development strategy criteria, market criteria and financial criteria. As part of our standardized operating process, our investment team follows detailed and standardized internal review procedures to complete the land acquisition process. Each potential project, from market accessibility to completion of land acquisition, is subject to 11 internal review sessions, and to a three-layered approval procedures jointly conducted by our headquarters, relevant regional group company and relevant regional company. For more details, see “— Our Project Operation and Management — Our Project Development Process” below.

Our proven track record of land acquisition is largely dependent on the experience and precise decisions of our dedicated investment team, which currently has over 700 employees covering over 100 cities. During the Track Record Period, we acquired 63, 119 and 221 land parcels in 2016, 2017 and 2018, respectively, out of which, 34, 88 and 168 parcels, respectively, were (i) with the land premium and acquisition costs of less than RMB500 million, and (ii) located in the third- and fourth-tier cities. We acquired 23 land parcels in the three months ended March 31, 2019, 18 of which were with the land premium and acquisition costs of less than RMB500 million and 10 were located in third- and fourth-tier cities.

- *Sizeable Quality Land Bank Supporting Future Development*

Our strong land acquisition capabilities have enabled us to quickly increase our land bank. We established our presence in 3 cities as of January 1, 2016, which increased to 17 cities as of December 31, 2016 and further expanded into 51 cities as of December 31, 2017 and 117 cities as of December 31, 2018, respectively. As of March 31, 2019, we had entered into 124 cities in 23 provinces and municipalities across five strategic economic zones in China. As of March 31, 2019, the total land bank attributable to us amounted to approximately 38.9 million sq.m., including 34.0 million sq.m. for property projects developed by our subsidiaries and 4.9 million sq.m. for property projects developed by our joint ventures and associates.

Established Standardized Real Estate Development Processes Ensuring Rapid and Quality Development

We have established standardized real estate development processes, covering the entire value chain of property development from land acquisition, general operations, to product development as well as sales and marketing, which enable us to swiftly replicate our property development success into new regions in a cost-effective manner. Standardization also facilitates our rapid-asset-turnover model by minimizing development costs and optimizing investment returns. We have formulated a number of standardized operational manuals based on our experience and set forth detailed guidance for our project companies located in different cities with respect to all material aspects of their daily operation.

- *Overall Standardized Operating Process*

Our standardized operating procedures cover the entire real estate development cycle, which allow us to enhance asset turnover and operating efficiency and maintain consistent product quality, thus, enabling us to quickly replicate our success and expand into new regions. Leveraging our historical project development

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experience and proven track record, we formulate and constantly modify our standardized operational manuals, that are essential for our execution proficiency and risk control. Guided by our efficient and standardized operational procedures, we typically require our project companies, from the date of land acquisition of a particular project, to complete the master project planning within five days, to complete the standard interior floor planning within eight days, to complete the application procedures for construction work planning permits in principal within three months, and to commence the pre-sales within six months, respectively. Such standardized operating procedures have enabled us to efficiently complete periodical preparation work beforehand at each stage and improve our operating efficiency.

- *Standardized and Appealing Product Design and Development*

We implement standardized product design and development processes to develop a diversified product portfolio, catering to the needs of various targeting customer groups in different regional markets. As of the Latest Practicable Date, we offered three main standardized series of residential properties, namely, the Shanti, the Glory and the Royal series (“香”系列、“御”系列及“國”系列), targeting first-time home purchasers, first-time home upgraders and second-time home upgraders, respectively. Under each standardized residential property series, we further fine-tune the products into two or three separate product lines. We have established a valuable product database with over 70 sets of standardized product design models, covering various aspects of floor planning, building elevation, demonstration area, decorated model homes, landscaping and other elements, applicable for different cities.

In addition, we have recently diversified our product mix by introducing product lines for fully-fitted apartments. Based on our studies and analysis on the potential target customers and comparable competing products in the same location, we have developed four standardized lines of fully-fitted apartments, catering to diversified customer demands for properties with different spaces, functions and decoration as well as cost concerns.

Leveraging our established project construction and decoration standards which is backed up by our selected raw material suppliers, we are able to deliver property projects with consistent quality and to effectively control our construction costs at the same time. We have also built stable relationships with architectural and design firms. The quality of our projects is further assured by our strict execution, monitor and review procedures of product planning and design blueprints.

Moreover, we apply advanced equipment and facilities to our property projects, aiming to enhance the overall living experience of our customers. For example, some of our projects have been equipped with smart parking management systems, entrance guard systems and smart-home in-door security and lighting systems.

- *Standardized and Effective Marketing Capability*

The success of our rapid-asset-turnover model is largely dependent on our effective marketing strategy and our standardized marketing modules and procedures.

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We have accumulated extensive experience and in-depth understanding about the needs of our potential customers. According to our standardized marketing modules, we formulate and implement multiple standardized key performance indicators to evaluate and improve effectiveness of our marketing efforts. Our standardized operational modules for sales and marketing provide an efficient and consistent guidance on product position, promotional events, demonstration areas, pricing practice, marketing expenses control, third-party sales agents supervision and other aspects. We specify detailed periodical sales targets at the initial development stage based on the scale of the relevant project and other factors. Our marketing and sales teams are required to follow and accomplish the pre-determined sales target within the required time period. For example, generally, a project is required to be contracted for over 70% of total units to be sold in the initial pre-sales within seven days from the launch of such pre-sale.

We perform extensive market studies on our target locations and customer groups. We carefully design localized marketing campaigns for each property project based on our market studies and adjust our marketing plans based on the market feedback we collect throughout the project development process. With respect to each property project, we design and launch various marketing activities we believe are best suitable for property development operations at different stages. To facilitate our marketing and promotion, we from time to time organize high-key promotional events, such as inviting public figures, to promote awareness of and interests in our projects among local residents. At the initial stage of pre-sales, we focus on delivering high quality demonstration areas, including decorated model homes, sales offices and their neighboring landscape, which we believe will attract of potential customers and facilitate the ongoing pre-sales/sales. Our sales and marketing teams are involved from the early stage of product design and development to provide professional advice based on their expertise and understanding of potential customers which also help us to improve product offerings based on market trends and local customer preferences.

Remarkable Growth Largely Attributable to Our Distinctive Amoeba Ecosystem

Our rapid growth during the Track Record Period is largely attributable to our Amoeba Ecosystem. We have established and implemented our Amoeba Ecosystem since 2015 which imitates the widely-known Amoeba Management System of Kyocera after taking into consideration the actual conditions and the real estate industrial practices in China.

- *Rapid Replication and Expansion Differentiating Us from PRC Competitors*

The highly replicable character of Amoeba Ecosystem enables quick horizontal replication and expansion which works well with real estate development business due to its highly replicable nature. In addition, as detailed in the section entitled “— Amoeba Ecosystem” below, the flexibility and competitiveness of our Amoeba Ecosystem assists us in addressing the three bottlenecks which real estate developers in China will typically encounter, thus differentiating us from our competitors in China. We have officially included the Amoeba Ecosystem in our corporate value system.

- *Systematic Organization Advocating Self-fulfillment*

We consider our employees as our cooperative partners. Under our Amoeba Ecosystem, rewards for our employees are linked with the performance of their Amoeba units, which further aligns their interest with ours.

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Our Amoeba Ecosystem helps to achieve self-fulfillment of each Amoeba unit and each employee. It inevitably fosters an environment in which each member remains efficient and responsive, and stays cooperative and works toward the common business goals of our Group, which in turn, helps propel the growth of our Group.

In addition, our Amoeba Ecosystem provides our employees with a transparent and foreseeable career path. Our rapid and systematic expansion provides capable and motivated employees with opportunities for career development. As such, we are able to attract and retain a sufficient number of well-trained management talents to support our sustainable growth.

- *Highly Scalable Ecosystem with Competitiveness and Vitality*

The high scalability of our Amoeba Ecosystem with strong competitiveness and vitality serves as a foundation of our rapid growth during our Track Record Period. Under our Amoeba Ecosystem, each of our Amoeba units enjoys sufficient autonomy and therefore, flexibility in daily operations and the employees are motivated to pursue the maximized value of the Amoeba units which they belong to. As a result, the implementation of this ecosystem (i) with respect to each Amoeba unit, enables the creation of a corporate culture which motivates well-adapted and competent employees and inherently eliminates those incompetent ones; (ii) with respect to our Group, promotes the competitiveness and vitality of each Amoeba unit and enhances the overall competitiveness and growth of our Group; (iii) enables our senior management to promptly react to evolving market trends, capturing the emerging opportunities or minimizing the potential risks; and (iv) drives the expansion and vitality of the entire ecosystem through the dynamic progress from initial formulation, expansion, competition, to consolidation, spin-off or elimination among the Amoeba units.

The effective implementation of our Amoeba Ecosystem is underpinned by our fair evaluation and incentive plans, which are supported by our transparent systematic divisional accounting mechanism and information technologies.

Taking advantage of our Amoeba Ecosystem, we have achieved significant growth and the number of our onshore subsidiaries increased from 223 as of December 31, 2016 to 839 as of December 31, 2018, and the number of our employees from over 2,100 as of December 31, 2016 to over 12,500 as of December 31, 2018. Additionally, during the Track Record Period, the number of projects under development and held for future development by our subsidiaries increased from 40 and 5 in 2016 to 98 and 26 in 2017, with the total GFA under development and held for future development increasing from approximately 5.2 million sq.m. and 1.4 million sq.m. in 2016 to 13.8 million and 3.4 million sq.m. in 2017, respectively. As of December 31, 2018, the number of projects or project phases under development and held for future development by our subsidiaries further increased to 202 and 27 with a total GFA under development and held for future development of approximately 25.7 million sq.m. and 5.4 million sq.m., respectively, which further increased to 212 and 28 with a total GFA under development and held for future development of approximately 27.6 million sq.m. and 5.3 million sq.m. as of March 31, 2019, respectively. As a result of such accelerated business development and the increases in the number of completed projects and in the total recognized GFA during the Track Record Period, which increased from 183,024 sq.m. in 2016 to 1,062,659 sq.m. in 2017 and further to 2,696,799 sq.m. in 2018, we became profitable in 2017.

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For more details about our Amoeba Ecosystem, see “— Amoeba Ecosystem” below.

Visionary and Experienced Management Team

Our success has been, and will continue to be, dependent on the continuous service of our visionary and experienced senior management team with an in-depth understanding of the real estate industry in China. Our founder and chairman, Mr. Yang, has over 25 years of industry experience and is currently the executive vice president of the Zhejiang Chamber of Commerce, Shanghai, the executive vice president of Shanghai Federation of Industry and Commerce, and the executive vice president of Wenzhou Chamber of Commerce, Suzhou, Jiangsu Province. Mr. Yang has great market insights and strategically relocated our headquarters from Wenzhou to Shanghai in early 2016, which expedited the expansion of our nationwide footprint as we were able to attract more capital, human and other resources in Shanghai. Moreover, Mr. Yang has proposed and implemented the Amoeba Ecosystem in our Group, which attributed to our rapid growth during the Track Record Period.

Our senior management team consists of experienced professional managers, who have an average of over ten years of experience in the real estate industry in China, including project development and management, and sales and marketing. We believe our experienced management team is capable of executing our business development plans and continuously developing products that meet the needs of our targeting customers. Visionary and highly motivated management team is also key to our sustainable growth.

On the other hand, we have also recruited experienced and dedicated employees with extensive industry experience in project development, product design, sales and marketing, financing and other areas in connection with our operations. Through our “Zhongliang Academy,” we offer systematic training programs tailor-made for various positions to improve their industrial specialties and managerial skills.

We believe with the leadership of our visionary and experienced management team supported by our dedicated employees, we will achieve sustainable long-term growth and add value to our shareholders and other stakeholders.

OUR STRATEGIES

We strive to become a leading comprehensive real estate developer in the PRC. To achieve our goal, we intend to implement the following strategies:

Leverage Favorable Government Policies and Enhance Leadership in Existing Markets and Strategically Expand into New Regions with High-growth Potentials

We will continue our expansion strategies nationwide. We expect to solidify our current market positions by continuing to focus on the Yangtze River Delta Economic Region and further penetrate into the Midwest China Economic Region, the Pan-Bohai Economic Rim, the Western Taiwan Straits Economic Zone and the Pearl River Delta Economic Zone.

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Taking advantage of our established brand name, extensive industry experience and strong property development capabilities, we expect to continue our penetration, enhance our investments and other resources and increase our market position and market share in our existing markets. We will also selectively expand our presence into other second-tier cities, such as Nanjing, Jinan and Fuzhou, and, subject to market conditions, to prudently tap into first-tier cities when right opportunities arise.

We will continue to focus on economically prosperous areas in China, such as the Yangtze River Delta Economic Region. Meanwhile, we also expect to explore emerging opportunities in regions supported by recent favorable government's development and planning policies, such as the midwest China area. Our past rapid growth was partly attributable to favorable government policies, such as the Shantytown Redevelopment Policies. Looking forward, we expect to continue to observe and adjust our strategies as we see appropriate to take advantage of various government policies that are favorable to real estate market in China, so as to effectively adopt our procyclical sales strategy to strengthen the marketing and sales of our property projects during market upturns when the prevailing housing prices are typically higher and adopt countercyclical land acquisition strategy during the market downturns, which can expand our land bank in target locations at relatively lower costs.

Identify New Growth Opportunities by Utilizing Diversified Investment Strategies

We intend to adopt diversified investment strategies to improve our operational and financial performances. We intend to enhance our land acquisition strategies by increasing the cooperation with business partners in acquiring land parcels and the acquisition of third parties who have land use rights. We believe the combination of these land acquisition methods, together with public tender, auction or listing-for-sale, will help us to mitigate our investment risks and increase our economy of scale and profitability.

We also plan to prudently pursue new business opportunities that are complementary to our current business. In particular, we intend to expand our investment property portfolio from commercial to industrial, mixed-use properties and other types of properties. We intend to hold a portion of our investment properties for long-term operation and management. We expect to increase such investment properties in the future in response to the changing market conditions and customer demands. We believe these investment properties and potential new businesses will help reduce volatility of our revenue, diversify our revenue stream, optimize our resource and asset allocation, and enhance the value and attractiveness of our residential properties in the vicinity.

Continue to Optimize Our Product Portfolio and Enhance Product Quality

We will continue to develop and offer quality property projects. We will optimize our product portfolio to meet the needs and expectations of our various target customer groups and accommodate our long-term development strategies, aiming at improving our customers' living experience. We also intend to optimize our product portfolio within a specific regions or city to attract various customer groups with different interests and purchasing power. We are also in the process of developing standardized product design and development modules for such new product types which will accelerate the future development process. In addition, as we expand into additional regions in China, we have in the process of developing and upgrading product portfolio that will best suit such new locations and new target customers.

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Moreover, as part of our development strategy to identify and develop industrial properties and urban renewal and redevelopment projects, we have been actively conducting feasibility studies and distinguishing the property development processes that are suitable for such new projects.

Last but not least, we will continue to review and improve our standardized product quality control to ensure our future products will maintain a consistent quality for all our product offerings. We have established, and expect to continue to improve, the comprehensive set of stringent standardized technical and quality control and inspection guidelines. We plan to enhance our brand image and recognition among potential customer base by continuing to develop and deliver quality real estate properties.

Continue to Enhance Operating Efficiency by Increasing Standardization and Intelligent Management and Operation

We will uphold our rapid-asset-turnover model and continue to enhance our operating efficiency. We plan to further streamline, standardize, visualize and digitize our operation processes, so as to improve our comprehensive capacities ranging from property development, project investment, financing, product design, sales and marketing, cost control as well as overall execution capability. We will enhance our standardized modules to cover more operating processes, products and services. We also expect to establish strategic supply chains to cover all product types and geographic regions. We will deepen market studies to collect intelligence from our peers and markets, and adapt to evolving environments. Despite the target rapid-asset-turnover, we will continue to periodically organize internal conferences increasing the awareness of safety and quality among all of our employees at the same time.

We will also constantly improve our operating efficiency by enhancing intelligent management and operation. We have established a dedicated IT department and have digitized comprehensive operating data, such as land acquisition, operating, construction, marketing and finance, to enable real-time online data tracking. Moreover, digitized operating data also helps improve the transparency during our daily operation through the real-time visualization of information collected from operating entities across the country. We intend to further upgrade our IT systems to streamline our quality control standards and specifications and ensure such standards and specifications of each projects are met. In the future, we expect to continue to enhance our intelligent management and operation and further extend our standardized operating modules by adding more data matrix, covering more procedures, and empowering big-data mining and analysis capabilities.

As such, our senior management will be able to make decisions and monitor our operations in a more effective and efficient way, thus further maximizing the economic returns from our property development.

Continue to Attract, Retain and Motivate Skilled and Talented Employees

We believe high-quality employees, particularly high-quality management talents, who value our corporate culture and respect our management philosophies, are essential to our future success. We intend to continue to attract and retain skilled and talented employees through various initiatives, including valuable training programs, competitive compensation packages and effective performance-based evaluation and incentive system.

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Our “Zhongliang Academy” aims to offer systematic training programs tailor-made for various positions to support employees’ career plans. It offers training designed for newly recruited employees and training of specialized managerial skills for middle- to high-level management team members. We expect to leverage our “Zhongliang Academy” to enhance our employees’ proficiency and deepen the awareness of our management philosophies, and to reinforce our corporate values among the employees so as to foster greater loyalty, engagement and commitment to their work.

In addition, we will continue to promote our Amoeba Ecosystem and deepen the implementation of Amoeba related incentive policies. We believe that our motivated employees who are committed to maximize the interests and economic returns of their Amoeba units will help contribute to maximizing economic returns to our Group. We also believe our Amoeba Ecosystem advocated by devoted employees will further drive our business development and bring value to our shareholders.

Remain Dedicated to Prudent Financial Policies to Optimize Our Capital Structure

The real estate development industry is capital intensive. To sustain a long-term and healthy growth and to maximize economic returns to our shareholders, we intend to adhere to internal and industry financial policies and prudent cost management practices to control development costs and monitor our cash flow. Particularly, we will continue our prudent policies in controlling costs relating to our land acquisitions and construction activities. We will also continue our centralized procurement policy and adopt financial measures to monitor our administrative and sales and marketing expenses. We will strive to further utilize our working capital more efficiently. To this end, we will proactively consider multiple opportunities available to us in order to dilute risks of concentration of a particular type of property projects or in a particular location.

We will also adhere to our established dynamic realizable-market value-based inventory management approach to our operation to ensure flexibility in the pricing of our properties while maintaining appropriate level of cash flow and return from our property projects. We will also ensure sufficient level of cash flow while pursuing land acquisition opportunities prudently. Additionally, we endeavor to shorten our project development cycle and improve our operating efficiency by following our standardized property development modules, which we believe will expedite our asset turnover and enhance our liquidity position.

Furthermore, we will closely monitor our capital and indebtedness level by reviewing our gearing ratio and leverage ratio on a regular basis. We periodically monitor and analyze the maturity profiles of our borrowings and manage our liquidity level to maintain sufficient cash flow to service our indebtedness and meet cash requirements arising from our business.

We will continue to carefully review any leverage that we use when we acquire new assets to expand our business with reference to cost, equity size and profit impact.

In addition to this Global Offering, we will continue to explore various financing opportunities to improve our capital structure and reduce our cost of capital, such as the issuance of corporate bonds and asset-based securities or other debt financings. We may seek investments from strategic equity investors to reduce our capital

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commitments. We will also continue to actively explore co-development opportunities with other reputable real estate developers, which we believe will enable us to reduce the capital commitments in connection with land acquisitions and relevant project construction activities.

AMOEBIA ECOSYSTEM

Inspired by the widely-known Amoeba management system created by Mr. Kazuo Inamori, the founder of Kyocera, we established Zhongliang Amoeba Management Ecosystem, or Amoeba Ecosystem, and implemented it within our Group since 2015.

Under our Amoeba Ecosystem, a large business group is divided into a number of small business units, so-called “Amoebas” or “Amoeba units,” each of which enjoys sufficient autonomy during the operation and follows a result-oriented evaluation and incentive approach. Such autonomy and incentive-driven evaluation system encourages each employee who participates in the Amoeba Ecosystem to jointly undertake responsibilities and pursue the common objectives with our Group. Such mechanism enables quick horizontal replication and expansion which we believe is very well suited to the real estate development business due to its highly replicable nature.

Our Amoeba Ecosystem is underpinned by a “1335 Code,” which stands for:

- **ONE** success formula: Success = Proactive thinking × Hard-working × Competence;
- **THREE** bottlenecks to breakthrough, namely, (i) scalability bottleneck resulting from the limited resources of an organization at ramp-up period; (ii) efficiency bottleneck resulting from bureaucratic internal approval procedures of an organization which could delay its response to the changing market, and (iii) trust bottleneck resulting from continuous additions of various centralized monitoring and controls which increase the management cost and dilute senior management’s attention and resources. We believe the flexibility and competitiveness of our Amoeba Ecosystem could successfully assist us in addressing these three bottlenecks;
- **THREE** sets of doctrines, namely, (i) full and open competition among all Amoeba units which not only enable self-fulfillment, self-expansion, and responsiveness, but also provide transparent career development incentives to our employees; (ii) management philosophy that values fairness, sharing, integrity and pragmatism; and (iii) a transparent and innovative accounting mechanism which adapts to the flexible and expanding ecosystem; and
- **FIVE** supporting pillars, namely, (i) flexible organizational structure which supports a quick expansion and evolution; (ii) motivated and dedicated workforce, particularly management talents, which lays a foundation for sustainable long-term development; (iii) carefully designed incentive plans and evaluation policies which continuously motivate our employees and align the mutual benefits of our employees and that of our Group; (iv) a systematic divisional accounting system

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which delivers efficiency, fairness and transparency; and (v) advanced IT capacities providing real-time data managing, tracking and sharing functions.

Due to the high salability and strong vitality of our Amoeba Ecosystem as detailed under “— Our Strengths — Remarkable Growth Largely Attributable to Our Distinctive Amoeba Ecosystem,” we were able to expand our operations from 5 regional group companies by the end of 2015 to 19 by the end of 2016 and further to 58 by the end of 2017, which reached 69 by the end of 2018. During the Track Record Period, the number of our onshore subsidiaries increased from 223 as of December 31, 2016 to 839 as of December 31, 2018 and the number of our employees from over 2,100 as of December 31, 2016 to over 12,500 as of December 31, 2018. Meanwhile, we acquired 63, 119 and 221 land parcels in 2016, 2017 and 2018, respectively. As a result of such accelerated business development and the increases in the number of completed projects and in the total recognized GFA during the Track Record Period, which increased from 183,024 sq.m. in 2016 to 1,062,659 sq.m. in 2017 and further to 2,696,799 sq.m. in 2018, we became profitable since 2017. We believe the continued implementation and improvement of our Amoeba Ecosystem will further motivate our employees and contribute to our geographic expansion, which in turn, will generate positive impact on our financial results in the future along with the increasing number of completed and recognized GFA, as evidenced by our current strong land bank.

Although our Amoeba Ecosystem has been a key to our rapid growth during the Track Record Period, the sufficient autonomy and high replicable nature of our Amoeba Ecosystem may exhibit certain internal control risks, see “Risk Factors—Risks Relating to Our Business—We may not be able to effectively maintain and manage our Amoeba Ecosystem, which has been a key to our rapid growth during the Track Record Period.” We have implemented a number of risk management measures in order to mitigate such risks and their potential impacts on us, see “—Compliance with Laws and Regulations—Internal Control Measures to Ensure Future Compliance—Risk Management Measures With Respect to Our Amoeba Ecosystem” for more details.

Co-investment Schemes

One of the supporting pillars of our Amoeba Ecosystem is our incentive plans, which include a co-investment mechanism with benefit- and risk-sharing features for our senior management and other employees. These policies align the mutual benefits of our employees and that of our Group, and further enable us to retain key employees and attract new management talents in our industry. We started to implement our co-investment schemes (the “**Co-investment Schemes**”) in 2015 and adjusted the schemes from time to time to adapt to the changing market conditions and our operational needs. In accordance with our current policies, with respect to each project that adopts the Co-investment Schemes (a “**Co-investment Project**”), the following employees are required to participate in such relevant schemes, including (i) key management team members, generally with positions of vice president and above and certain major department heads, of each of our headquarters, regional group companies and regional companies, and (ii) when an acquisition transaction is involved, management members who are in charge of acquisitions. Other employees who are willing to participate in our Co-investment Schemes may also participate subject to our management’s approval (key management team members and these other participating employees are collectively referred to as “**Participating Members**,” and each a “**Participating Member**”). The investment contribution of each Participating Member varies, and generally correlates to their seniority and the scope of responsibility in the relevant project.

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With respect to each Co-investment Project, the Participating Members for a particular property development project collectively invest with our Group into a limited partnership. The limited partnership holds a minority equity interest in a project company with our Group for the relevant project, in which our Group holds the majority equity interest. Based on our current policies for Co-investment Schemes, each limited partnership is managed by its general partner who is an employee of our Group. The Participating Members and our Group invest into the limited partnership as limited partners, where our Group is the senior limited partner in the limited partnership and is entitled to an investment return on a preferred basis. As the senior limited partner of those limited partnerships, our Group enjoys the priority over the Participating Members to first receive its investment return in an amount up to a pre-determined percentage of total distributable benefits generated from the relevant property project (the “**Senior Benefit Distribution**”). After the Senior Benefit Distribution is fully satisfied, the Participating Members, as the junior limited partners, are entitled to enjoy all the remaining distributable benefits, if any. The benefit distributed to each Participating Member directly correlates to his or her investment contribution.

Under our Co-investment Schemes, distributable benefits are expected to be distributed to the Participating Members when the sales and the proceeds received in connection with a property project have achieved a pre-determined target percentage, and the distribution is conditional on the anticipated profitability and sufficient working capital reserved for the relevant project. In addition, the distribution to Participating Members shall not occur prior to a similar distribution to our Group.

When a Participating Member resigns, his or her invested interest will be transferred to other employee(s) or our designated entity, as the case may be. The transfer price shall be determined based on the detailed calculation formula provided in our policies and the arrangements entered into by the Participating Members.

Under our previous policies for Co-investment Schemes, apart from self-funded capital contributions in the limited partnerships by the Participating Members, our Group also offered the Participating Members with an opportunity of an enlarged stake in the limited partnerships if they intended to inject additional capital contribution sourced from a platform, Suzhou Industrial Park Jinjian Venture Management Co., Ltd. (previously known as Suzhou Industrial Park Jinjian Investment Management Co., Ltd.), or Suzhou Jinjian, a related party of our Group during the Track Record Period and had ceased to be so since November 2018. Subject to separate financing arrangements entered into between this platform and the Participating Members, the platform provided financings to certain Participating Members who had funding needs. The platform used to obtain funds with interest from us based on the funding needs it received from the Participating Members. The respective interest rate applied to the financing from us to Suzhou Jinjian and from Suzhou Jinjian to the Participating Members varied during the Track Record Period, which was typically set at approximately 10% with reference to the prevailing lending rate available from financial institutions to real estate developers like us in the relevant period. See “Financial Information — Related Party Transactions.” The business scope of Suzhou Jinjian covers a wide range of business activities, including investment management, commercial consulting services, enterprise marketing and planning, as well as technology development and consulting in the area of architecture. We established the above-mentioned arrangements with Suzhou Jinjian as we initially expected Suzhou Jinjian to quickly develop into a fully functioning company with sufficient financing capabilities to fulfil the funding needs of the Participating Members, without having to obtain funds from us. Nevertheless, in view of the deviation from our initial expectation about Suzhou Jinjian, as well as our intention to enhance our corporate governance

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and reduce potential related party transactions, we discontinued the arrangements in connection with the aforementioned additional capital contribution since July 2018 and ceased to provide funds to Suzhou Jinjian.

As of December 31, 2018, 152, or approximately 63.9%, of the 238 projects of our subsidiaries were Co-investment Projects. During the Track Record Period, with respect to each project company that adopts our Co-investment Schemes, the beneficial interest in each project company collectively and ultimately held by the relevant Participating Members is typically no more than 6%.

The outstanding amount invested by the Participating Members under our Co-investment Schemes was approximately RMB379.8 million, RMB474.2 million and RMB265.0 million as of December 31, 2016, 2017 and 2018, respectively. Among such investments, to the best of our knowledge and based on the information provided by Suzhou Jinjian, the outstanding amount borrowed by the Participating Members from Suzhou Jinjian was approximately RMB289.8 million, RMB158.0 million and nil as of December 31, 2016, 2017 and 2018, respectively.

The lending arrangements between us and Suzhou Jinjian involved the lending of money between companies that are not financial institutions, which may not be in compliance with the General Lending Provisions (《貸款通則》). However, according to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the “Provisions”) and the Notice of the Supreme People's Court on Conscientiously Studying, Implementing and Applying the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於認真學習貫徹適用《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》的通知), borrowing agreements among companies are valid if extended for purposes of financing production or business operations (except for the circumstances resulting in a void contract as stipulated in the Contract Law and in the Provisions), and 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 24.0%. Please refer to “Financial Information — Related Party Transactions” for a more detailed discussion of the relevant rules and regulations. As such and based on the facts that (i) we had ceased to provide funds to Suzhou Jinjian as of the Latest Practicable Date; and (ii) the arrangements between us and Suzhou Jinjian do not constitute any circumstance which will result in a void contract as stipulated in the Contract Law and the Provisions, our PRC Legal Advisers are of the view that the likelihood that we would be subject to the liability of violating the General Lending Provisions (《貸款通則》) is remote. Further, our PRC Legal Advisers are of the opinion that our current Co-investment Schemes and policies described above do not contravene any applicable PRC laws and regulations.

OUR PROPERTY PROJECTS

Overview

With approximately 19 years of experience in the real estate industry in China, we have developed into a comprehensive real estate developer with national footprint. During the period from 2002 to 2009, we were at the early stage of development and primarily operated in Wenzhou through the property development platform of

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Zhejiang Tianjian. By establishing Shanghai Zhongliang Real Estate in 2009, we laid the strategic focus of our property development operations in Shanghai. We commenced to shift the focus of our operations from the property development platform of Zhejiang Tianjian to that of Shanghai Zhongliang Real Estate. We relocated our headquarters from Wenzhou to Shanghai in 2016 in order to further implement our development strategies and accelerate the expansion of our national footprint. Leveraging our cumulated expertise and experience in the industry, the established standardized development processes, particularly, leveraging the implementation of our Amoeba Ecosystem in 2015, we had experienced a rapid growth during the Track Record Period. We acquired 63, 119 and 221 land parcels in 2016, 2017 and 2018, respectively. Over the same period, our recognized GFA increased from 183,024 sq.m. in 2016 to 1,062,659 sq.m. in 2017 and further to 2,696,799 sq.m. in 2018. We further acquired 23 land parcels in the three months ended March 31, 2019 and as of March 31, 2019, we had developed 353 property projects under various development stages, comprising 257 projects developed by our subsidiaries and 96 projects developed by our joint ventures and associates and we had established our presence in 124 cities in 23 provinces and municipalities across five strategic economic zones in China.

We specialize in developing quality residential properties, which primarily include high-rise, mid-rise and low-rise apartment buildings and townhouses. We have adopted standardized models to develop a diversified product portfolio with three main standardized series of residential properties, namely, the Shanti, the Glory and the Royal series (“香”系列、“御”系列及“國”系列), targeting first-time home purchasers, first-time home upgraders and second-time home upgraders, respectively. Under each standardized residential property series, we further fine-tune the products into two or three separate product lines. We have established a valuable product database with a number of sets of standardized product design models, covering various aspects of floor planning, building elevation, demonstrative area, decorated model homes, landscaping and other elements, applicable for different cities. Our product database currently has over 70 sets of standardized product design models.

Furthermore, we have recently established standardized product lines for fully-fitted apartments, which further amplifies our product mix. Based on our studies and analysis on the potential target customers and comparable competing products in the same location, we have developed four standardized lines of fully-fitted apartments, catering to diversified customer demands for properties with different spaces, functions and decoration as well as cost concerns.

We implement a differentiation product strategy by offering property projects that are specially centered on the preferences and needs of such target customers, meeting their expectations for dream houses and ideal neighboring communities. We also endeavor to deliver properties that differentiate from neighboring projects in close proximity to avoid over competition.

We have also recently commenced the development of commercial properties. Currently, our commercial properties primarily consist of retail spaces adjacent to our residential properties, and we hold certain such commercial spaces as investment properties. Up to the Latest Practicable Date, the majority of our project are located in third- and fourth-tier cities and areas adjacent to first- and second-tier cities. We are able to take advantage of the relatively lower land acquisition costs there, less intensified competition, and the demands driven by the surrounding affluent areas. In recent years, we have entered into several second-tier cities and

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intend to selectively expand our presence in second-tier cities, and, subject to market conditions, to prudently tap into first-tier cities when right opportunities arise. We intend to replicate our success in existing market by adopting the rapid-asset-turnover model. The following table sets forth the number of land parcels we acquired and the relevant total GFA during the Track Record Period by city-tiers:

| | Year Ended December 31, | | | | | |
|--------------------------|------------------------------|-------------------------|------------------------------|--------------------------|------------------------------|--------------------------|
| | 2016 | | 2017 | | 2018 | |
| | Number of Land Parcels | Total GFA (in sq.m.) | Number of Land Parcels | Total GFA (in sq.m.) | Number of Land Parcels | Total GFA (in sq.m.) |
| Second-tier cities | 29 | 2,902,762 | 31 | 3,220,563 | 53 | 4,109,844 |
| Third-tier cities | 33 | 4,555,399 | 76 | 9,416,935 | 125 | 14,160,901 |
| Fourth-tier cities | <u>1</u> | <u>67,591</u> | <u>12</u> | <u>2,163,436</u> | <u>43</u> | <u>5,950,407</u> |
| Total | <u>63</u> | <u>7,525,752</u> | <u>119</u> | <u>14,800,934</u> | <u>221</u> | <u>24,221,152</u> |

As of March 31, 2019, our property projects at various stages of development were located in 124 cities across five core economic regions in China namely, the Yangtze River Delta Economic Region, the Midwest China Economic Region, the Pan-Bohai Economic Rim, the Western Taiwan Straits Economic Zone and the Pearl River Delta Economic Zone. As of the same date, we had a product portfolio of 353 projects, including 257 projects developed by our subsidiaries and 96 projects developed by our joint ventures and associates, at various development stages.

As of March 31, 2019, the total land bank attributable to us amounted to 38.9 million sq.m., including:

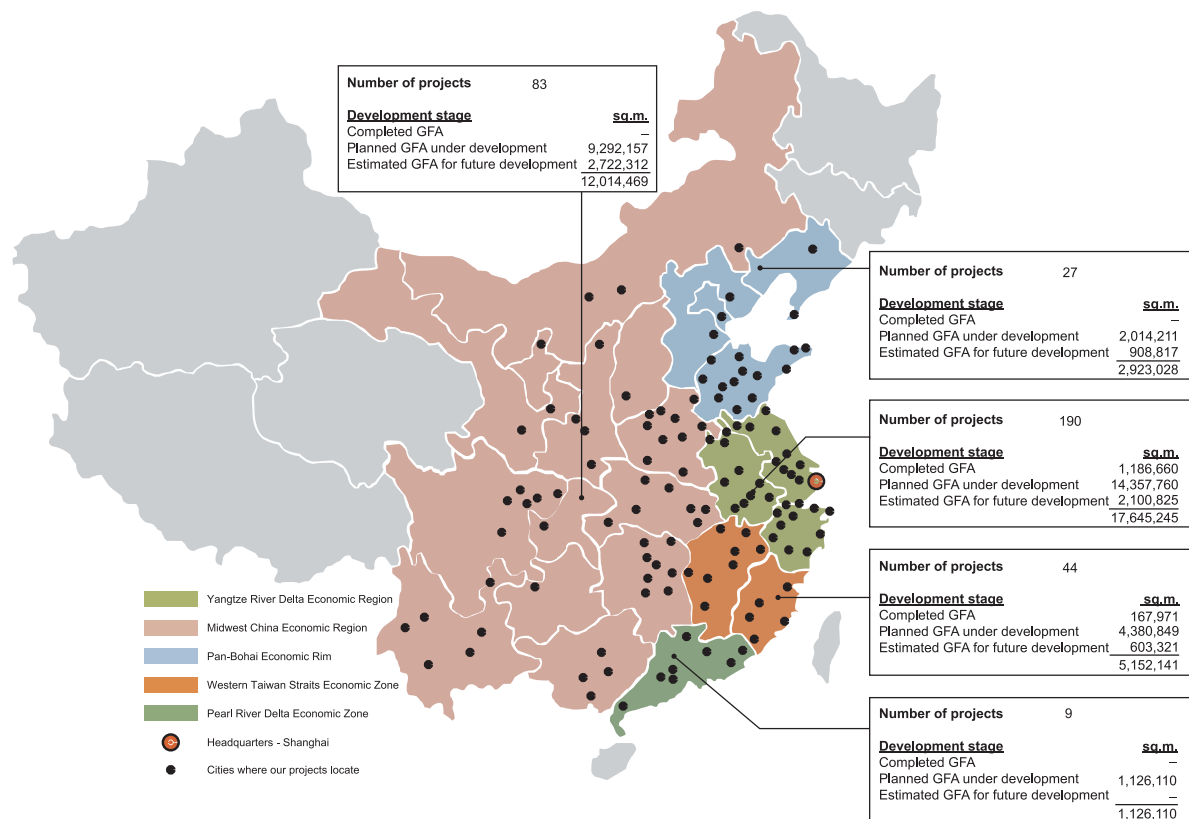
- approximately 34.0 million sq.m. for property projects developed by our subsidiaries, comprising completed properties available for sale, lease or investment with an aggregate GFA of approximately 1.2 million sq.m., properties under development with an aggregate planned GFA of approximately 27.5 million sq.m. and properties held for future development with an aggregate estimated GFA of approximately 5.3 million sq.m.; among these 34.0 million sq.m., there were ten property projects with investment properties under various development stages, including five with completed investment properties with an aggregate GFA of approximately 52.5 thousand sq.m. and five with investment properties under development with an aggregate GFA of approximately 40.9 thousand sq.m.; and
- approximately 4.9 million sq.m. for property projects developed by our joint ventures and associates which is adjusted by our equity interest in the respective project, comprising completed properties available for sale, lease or investment with an aggregate GFA attributable to us of approximately 0.2 million sq.m., properties under development with an aggregate planned GFA attributable to us of approximately 3.6 million sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 1.1 million sq.m.

According to the China Index Academy Report, the five regions our property projects are currently located in are the most economically active regions in China with prominent potentials. The Yangtze River Delta is the

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most mature city cluster in China, and it is also at the converging area of the “Belt and Road” and the Yangtze River economic zone. As of March 31, 2019, we had entered into 31 cities in the Yangtze River Delta Economic Region. Leveraging the strategic location along the “Belt and Road,” the Midwest China Economic Region is expected to capture the opportunities and sustain a rapid development. As of March 31, 2019, we had entered into 54 cities in the Midwest China Economic Region. Taking advantage of the convenient transportation, rich natural resources, well-developed industrial tradition and technology education, the Pan-Bohai Economic Rim is the most economically active region in Northern China. As of March 31, 2019, we had entered into 18 cities in the Pan-Bohai Economic Rim. The Western Taiwan Straits Economic Zone is a strategically important part of China’s coastal economic belt. As of March 31, 2019, we had entered into 13 cities in the Western Taiwan Straits Economic Zone. The Pearl River Delta Economic Zone is one of the most economically active areas in China and Asia-Pacific region, and is an advanced manufacturing and modern service base in the world. The Pearl River Delta Economic Zone includes the Guangdong-Hong Kong-Macau Greater Bay Area, which is a strategic city cluster of China and is expected to be developed to rival the bay areas of Los Angeles, New York and Tokyo. As of March 31, 2019, we had entered into 8 cities in the Pearl River Delta Economic Zone.

The following map shows the geographical locations and key information of our land bank on an attributable basis with respect to each development stage of our property developments, in five core economic regions as of March 31, 2019:



Classification of Our Property Projects

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

- completed projects or project phases;
- projects or project phases under development; and
- projects or project phases held for future development.

A project or project phase is classified as completed when the required land use right certificates issued by the relevant government authorities and the completed construction works certified reports/completion certificates have been obtained from the relevant government construction authorities.

A project or a project phase is classified as under development when the required construction work commencement permits have been obtained but a completion certificate has not been obtained for all phases of the project.

A project or a project phase is considered to be held for future development when (i) we have obtained the land use right certificates, but have not obtained the requisite construction work commencement permits or (ii) we have signed a land grant contract for the underlying parcel of land with relevant government authorities, but have not obtained the relevant land use right certificates.

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 are as of March 31, 2019, unless otherwise dated. The commencement date relating to each project or project phase refers to the date construction commenced on the first building of the project or phase. The completion date set out in the descriptions of our completed projects or project phases refers to the date on which the last completed construction works certified report/completion certificate was obtained for each project or each project phase of a multi-phase project. For projects or project phases under development or for future development, the completion date reflects our best estimate based on our current development plans.

Site area is calculated as follows:

- for projects or project phases for which we have obtained land use rights, based on the relevant land use right certificates; or
- for projects or project phases for which we have not obtained land use rights, based on the relevant land grant contracts.

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Total GFA is calculated as follows:

- for projects and project phases that are completed, based upon relevant property completion certificate or property inspection report;
- for projects and project phases that are under development, based upon the relevant construction work commencement permits, or based upon other documentation issued by relevant government authorities if the construction work commencement permits are not available; and
- for projects and project phases that are held for future development, based upon the total estimated GFA indicated in property master plans or based on our internal records and development plans, which may be subject to change.

Total GFA as used in this prospectus is comprised of 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 and spaces for security offices, for which pre-sales 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 pre-sold/sold and saleable GFA unsold. A property is pre-sold when we have executed the purchase contract but yet delivered the property to the customer. A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer.

Total saleable GFA is calculated as follows:

- for projects and project phases that are completed, based on the relevant property ownership certificate or property inspection report;
- for projects and project phases under development, based upon the relevant pre-sales permit, or based on other construction work planning documentation issued by relevant government authorities if the pre-sales permit is not available; and
- for projects and project phases that are held for future development, based upon our internal records and development plans. The total estimated 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.

Our 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 right certificates, construction land planning permits, construction work planning permits, construction work commencement permits, pre-sales 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 and the “Accountants’ Report” set out in Appendix I to this prospectus. The differences between our classification of properties and the

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classification of properties in the “Property Valuation Report” set out in Appendix III and the “Accountants’ Report” set out in Appendix I to this prospectus are set forth in the table below:

| <u>Our Classification</u> | <u>Property Valuation Report</u> | <u>Accountants’ Report</u> |
|--|---|---|
| <ul style="list-style-type: none"> • Completed projects of project phases | <ul style="list-style-type: none"> • Group I — Properties held for sale by the Group in the PRC • Group V — Properties held for investment by the Group in the PRC | <ul style="list-style-type: none"> • Completed properties held for sale • Investment properties |
| <ul style="list-style-type: none"> • Projects or project phases under development | <ul style="list-style-type: none"> • Group II — Properties held under development by the Group in the PRC • Group V — Properties held for investment by the Group in the PRC | <ul style="list-style-type: none"> • Properties under development • Investment properties |
| <ul style="list-style-type: none"> • Projects or project phases held for future development | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Properties under development • Prepayments and other receivables |

Land Bank and Property Portfolio

Our land bank represents the sum of (i) total GFA available for sale or lease by us for completed properties, which also includes completed GFA that have been pre-sold but yet delivered, (ii) total planned GFA for properties under development, and (iii) total estimated GFA for properties held for future development.

The total land bank attributable to us represents the total land bank of projects developed by our subsidiaries and the land bank of projects developed by our joint ventures and associates attributable to us.

As of December 31, 2016, 2017 and 2018, the total land bank attributable to us was approximately 7.7 million sq.m., 19.0 million sq.m. and 36.4 million sq.m., respectively. As of March 31, 2019, the total land bank attributable to us was approximately 38.9 million sq.m.

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The following table sets forth the movement of the total land bank attributable to us for the periods indicated:

| | Year Ended December 31, | | | Three Months Ended March 31, |
|--|-------------------------|-------------------|-------------------|---------------------------------------|
| | 2016 | 2017 | 2018 | 2019 |
| | (in sq.m.) | | | |
| At the beginning of the year/period ⁽¹⁾ | 1,619,501 | 7,661,587 | 19,027,492 | 36,443,706 |
| Add: land bank attributable to us newly obtained during the year/period ⁽²⁾ | 6,225,110 | 12,428,564 | 20,373,359 | 2,897,909 |
| Less: completed GFA delivered during the year/period ⁽²⁾ | (183,024) | (1,062,659) | (2,957,145) | (480,622) |
| At the end of the year/period | <u>7,661,587</u> | <u>19,027,492</u> | <u>36,443,706</u> | <u>38,860,993</u> |

Notes:

- (1) GFA at the beginning of each year was calculated by adding back the completed GFA delivered and deducting the land bank newly obtained during the relevant year/period, each as attributable to us, but without taking into account the differences arising from the changes in our equity interest in the respective joint ventures or associates during the same year/period, or the changes in the GFA as a result of changes in the relevant permits or certificates obtained during different stages of project development on which we rely for calculation of GFA, the impacts of which we believe are immaterial.
- (2) For projects held by our joint ventures or associates, GFA was adjusted by our equity interest in the respective project at the end of the relevant year/period.

Subsequently in the one month ended April 30, 2019, newly obtained land bank attributable to us amounted to 1,550,884 sq.m. and completed GFA delivered amounted to 464,177 sq.m. As such, the total land bank attributable to us as of April 30, 2019 was 39,947,700 sq.m.

The following table sets forth the breakdown of the total land bank attributable to us of our property portfolio as of March 31, 2019 in terms of geographic location:

| | Number of Projects | Completed GFA Available for Sale/Leasable GFA ⁽¹⁾ (in sq.m.) | Planned GFA Under Development (in sq.m.) | Estimated GFA for Future Development (in sq.m.) | Total Land Bank Attributable to Us ⁽²⁾⁽³⁾ (in sq.m.) | % of Total Land Bank Attributable to Us |
|--|-----------------------|---|---|---|--|--|
| Property Projects Developed by Our Subsidiaries | | | | | | |
| <i>Yangtze River Delta Economic Region</i> | | | | | | |
| Zhejiang Province | 70 | 878,238 | 5,533,540 | 252,696 | 6,664,474 | 17.1% |
| Jiangsu Province | 33 | 98,693 | 4,188,103 | 843,756 | 5,130,552 | 13.2% |
| Anhui Province | 19 | 25,726 | 2,464,956 | 466,400 | 2,957,082 | 7.6% |
| Sub-total | 122 | 1,002,657 | 12,186,599 | 1,562,852 | 14,752,108 | 37.9% |
| <i>Midwest China Economic Region</i> | | | | | | |
| Henan Province | 17 | — | 2,131,648 | 590,141 | 2,721,789 | 7.0% |
| Hunan Province | 10 | — | 1,244,650 | 425,811 | 1,670,461 | 4.3% |

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| | Number of Projects | Completed GFA Available for Sale/Leasable GFA ⁽¹⁾ (in sq.m.) | Planned GFA Under Development (in sq.m.) | Estimated GFA for Future Development (in sq.m.) | Total Land Bank Attributable to Us ⁽²⁾⁽³⁾ (in sq.m.) | % of Total Land Bank Attributable to Us |
|---|-----------------------|---|---|---|--|--|
| Yunnan Province | 9 | — | 1,479,685 | 35,869 | 1,515,554 | 3.9% |
| Hubei Province | 7 | — | 752,734 | 484,108 | 1,236,842 | 3.2% |
| Sichuan Province | 8 | — | 755,000 | 294,742 | 1,049,742 | 2.7% |
| Guangxi Zhuang Autonomous Region .. | 6 | — | 661,071 | 117,991 | 779,062 | 2.0% |
| Shaanxi Province | 5 | — | 523,408 | 231,233 | 754,641 | 1.9% |
| Inner Mongolia Autonomous Region ... | 3 | — | 397,143 | 266,702 | 663,845 | 1.7% |
| Gansu Province | 2 | — | 197,538 | — | 197,538 | 0.5% |
| Shanxi Province | 1 | — | 181,995 | — | 181,995 | 0.5% |
| Ningxia Hui Autonomous Region | 1 | — | 166,732 | — | 166,732 | 0.4% |
| Chongqing | 1 | — | 113,761 | — | 113,761 | 0.3% |
| Guizhou Province | 1 | — | 61,473 | — | 61,473 | 0.2% |
| Sub-total | 71 | — | 8,666,838 | 2,446,597 | 11,113,435 | 28.6% |
| <i>Pan-Bohai Economic Rim</i> | | | | | | |
| Shandong Province | 16 | — | 1,674,635 | 303,538 | 1,978,173 | 5.1% |
| Hebei Province | 2 | — | 173,306 | 203,841 | 377,147 | 1.0% |
| Tianjin | 2 | — | — | 260,798 | 260,798 | 0.7% |
| Liaoning Province | 2 | — | 38,443 | 123,148 | 161,591 | 0.4% |
| Sub-total | 22 | — | 1,886,384 | 891,325 | 2,777,709 | 7.2% |
| <i>Western Taiwan Straits Economic Zone</i> | | | | | | |
| Jiangxi Province | 27 | 64,851 | 2,939,279 | 133,536 | 3,137,666 | 8.1% |
| Fujian Province | 7 | 103,120 | 794,163 | 263,590 | 1,160,873 | 3.0% |
| Sub-total | 34 | 167,971 | 3,733,442 | 397,126 | 4,298,539 | 11.1% |
| <i>Pearl River Delta Economic Zone</i> | | | | | | |
| Guangdong Province | 8 | — | 1,077,523 | — | 1,077,523 | 2.8% |
| Sub-total | 8 | — | 1,077,523 | — | 1,077,523 | 2.8% |
| Total | 257 | 1,170,628 | 27,550,786 | 5,297,900 | 34,019,314 | 87.6% |
| Property Projects Developed by Our Joint Ventures and Associates | | | | | | |
| <i>Yangtze River Delta Economic Region</i> | | | | | | |
| Zhejiang Province | 49 | 158,621 | 1,361,322 | 19,525 | 1,539,468 | 4.0% |
| Jiangsu Province | 14 | 25,382 | 630,398 | 441,148 | 1,096,928 | 2.8% |
| Anhui Province | 5 | — | 179,441 | 77,300 | 256,741 | 0.7% |
| Sub-total | 68 | 184,003 | 2,171,161 | 537,973 | 2,893,137 | 7.5% |
| <i>Midwest China Economic Region</i> | | | | | | |
| Chongqing | 4 | — | 346,807 | 1,377 | 348,184 | 0.9% |
| Yunnan Province | 2 | — | 83,421 | 125,339 | 208,760 | 0.5% |
| Hunan Province | 3 | — | 143,775 | 7,671 | 151,446 | 0.4% |
| Hubei Province | 2 | — | 2,298 | 141,328 | 143,626 | 0.4% |
| Henan Province | 1 | — | 49,018 | — | 49,018 | 0.1% |
| Sub-total | 12 | — | 625,319 | 275,715 | 901,034 | 2.3% |
| <i>Pan-Bohai Economic Rim</i> | | | | | | |
| Shandong Province | 4 | — | 127,827 | — | 127,827 | 0.3% |
| Liaoning Province | 1 | — | — | 17,492 | 17,492 | 0.0% |
| Sub-total | 5 | — | 127,827 | 17,492 | 145,319 | 0.3% |
| <i>Western Taiwan Straits Economic Zone</i> | | | | | | |
| Jiangxi Province | 3 | — | 307,202 | 203,800 | 511,002 | 1.3% |
| Fujian Province | 7 | — | 340,205 | 2,395 | 342,600 | 0.9% |
| Sub-total | 10 | — | 647,407 | 206,195 | 853,602 | 2.2% |

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| | Number of Projects | Completed GFA Available for Sale/Leasable GFA ⁽¹⁾ (in sq.m.) | Planned GFA Under Development (in sq.m.) | Estimated GFA for Future Development (in sq.m.) | Total Land Bank Attributable to Us ⁽²⁾⁽³⁾ (in sq.m.) | % of Total Land Bank Attributable to Us |
|---|-----------------------|---|---|---|--|--|
| Pearl River Delta Economic Zone | | | | | | |
| Guangdong Province | 1 | — | 48,587 | — | 48,587 | 0.1% |
| Sub-total | 1 | — | 48,587 | — | 48,587 | 0.1% |
| Attributable Total | 96 | 184,003 | 3,620,301 | 1,037,375 | 4,841,679 | 12.4% |
| Land Bank Attributable to Us | 353 | 1,354,631 | 31,171,087 | 6,335,275 | 38,860,993 | 100.0% |

Notes:

- (1) Includes saleable GFA remaining unsold and leasable GFA.
- (2) Total land bank equals to the sum of (i) total GFA available for sale and total leasable GFA for completed properties, which also includes completed GFA that have been pre-sold but yet delivered, (ii) total planned GFA for properties under development and (iii) total estimated GFA for properties held for future development.
- (3) For projects held by our joint ventures or our associates, total GFA will be adjusted by our equity interest in the respective project.

The following table sets forth the breakdown of the total land bank attributable to us of our property portfolio as of March 31, 2019 in terms of types of properties:

| | Completed GFA Available for Sale/Leasable GFA ⁽¹⁾ (in sq.m.) | Planned GFA Under Development (in sq.m.) | Estimated GFA for Future Development (in sq.m.) | Total Land Bank Attributable to Us ⁽²⁾⁽³⁾ (in sq.m.) | % of Total Land Bank Attributable to Us |
|---|---|---|---|--|--|
| Property Projects Developed by Our Subsidiaries | | | | | |
| Residential | 992,288 | 19,994,786 | 3,574,973 | 24,562,047 | 63.2% |
| Commercial | 67,590 | 871,779 | 264,695 | 1,204,064 | 3.1% |
| Ancillary areas | 11,031 | 2,275,498 | 519,399 | 2,805,928 | 7.3% |
| Carparks | 99,719 | 4,408,723 | 938,833 | 5,447,275 | 14.0% |
| Total | 1,170,628 | 27,550,786 | 5,297,900 | 34,019,314 | 87.6% |
| Property Projects Developed by Our Joint Ventures and Associates | | | | | |
| Residential | 155,971 | 2,627,408 | 700,011 | 3,483,390 | 9.0% |
| Commercial | 10,624 | 114,556 | 51,830 | 177,010 | 0.4% |
| Ancillary areas | 1,734 | 299,010 | 101,702 | 402,446 | 1.0% |
| Carparks | 15,674 | 579,327 | 183,832 | 778,833 | 2.0% |
| Attributable — Total | 184,003 | 3,620,301 | 1,037,375 | 4,841,679 | 12.4% |
| Land Bank Attributable to us | 1,354,631 | 31,171,087 | 6,335,275 | 38,860,993 | 100.0% |

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Notes:

- (1) Includes saleable GFA remaining unsold and leasable GFA.
- (2) Total land bank equals to the sum of (i) total GFA available for sale and total leasable GFA for completed properties, which also includes completed GFA that have been pre-sold but yet delivered, (ii) total planned GFA for properties under development and (iii) total estimated GFA for properties held for future development.
- (3) For projects held by our joint ventures or our associates, total GFA will be adjusted by our equity interest in the respective project.

The following table sets forth certain estimated movements of the total land bank attributable to us that were under development and held for future development as of March 31, 2019 in the upcoming years. The estimates are based on our current estimates of the timing of obtaining the pre-sale permits and completion certificates for relevant projects, as the case may be, which are subject to our business plans and market conditions and may be subject to adjustment. Such estimated movements shall not be necessarily indicative of our future operational or financial performance.

| | <u>Planned GFA under Development</u> | | <u>Estimated GFA of Future Development</u> | | |
|---|--|---|---|--|--|
| | <u>GFA newly available for pre-sales</u> | <u>GFA newly completed held for sale/ lease⁽¹⁾</u> | <u>GFA newly under construction</u> | <u>GFA newly available for pre-sales</u> | <u>GFA newly completed held for sale/lease⁽¹⁾</u> |
| | (in sq.m.) | | | | |
| For the year ending December 31, 2019 | 1,718,834 | 9,079,145 | 6,335,275 | 6,335,275 | — |
| For the year ending December 31, 2020 | — | 10,487,963 | — | — | 369,929 |
| For the year ending December 31, 2021 | — | 5,370,940 | — | — | 4,328,992 |
| For the year ending December 31, 2022 and beyond | — | 266,659 | — | — | 423,736 |
| Total | <u>1,718,834⁽²⁾</u> | <u>25,204,707⁽³⁾</u> | <u>6,335,275</u> | <u>6,335,275</u> | <u>5,122,657⁽⁴⁾</u> |

Notes:

- (1) The proportion of the saleable to non-saleable GFA upon completion in future periods is estimated by reference to the proportion of saleable to non-saleable GFA of total GFA under development as of March 31, 2019.
- (2) As of March 31, 2019, we had a total of 31,171,087 sq.m. of the planned GFA under development attributable to us, which consists of (i) 29,452,253 sq.m. (including 5,658,016 sq.m. non-saleable GFA) which had obtained pre-sale permits as of March 31, 2019, and (ii) 1,718,834 sq.m. (including 308,364 sq.m. non-saleable GFA) which we expect to be newly available for pre-sale in the year ending December 31, 2019.
- (3) The total non-saleable GFA newly completed is estimated to be 5,966,380 sq.m.
- (4) The total non-saleable GFA newly completed is estimated to be 1,212,618 sq.m.

As of March 31, 2019, we had civil air defense areas with an aggregate GFA of approximately 1.8 million sq.m., which are primarily used or to be used for car parks, representing an insignificant portion of our property portfolio. We consider such properties as non-saleable GFA. As part of our day-to-day operations, we monitor

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our business practice related to the Civil Defense Law to ensure such compliance. See “Regulatory Overview — Civil Air Defense Property” for details. For details of the civil defense areas of each project, see details set forth in the relevant project description below.

Our Property Projects

During the Track Record Period and up to March 31, 2019, our subsidiaries developed and completed 29 residential property projects, all the saleable GFA of which had been sold and delivered to our customers. These projects occupied a total site area of approximately 1.2 million sq.m. with a total completed GFA of approximately 3.0 million sq.m. As of March 31, 2019, we hold certain retail areas of two of these completed projects for investment purpose, see “— Management of Commercial Properties” below for more details.

The following table sets forth a summary of the portfolio of our property projects and project phases at various development stages developed by our subsidiaries as of March 31, 2019.

| Number | Projects | Site Area (in sq.m.) | Completed | | | Under Development | | | Future Development | | | Group's Interest in the Project as of Valuation Date | Reference to Property Valuation Report | | |
|--|--|----------------------|--|--|--|------------------------------------|---|--------------------------------|-------------------------|-------------------------|--|--|--|---|--|
| | | | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Saleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | | | Total Estimated GFA for Future Development (in sq.m.) | GFA with Right Yet Obtained (in sq.m.) |
| Yangtze River Delta Economic Region | | | | | | | | | | | | | | | |
| Zhejiang Province | | | | | | | | | | | | | | | |
| 1 | Pinghu Zhongliang Donghu THE ONE (平湖中梁東湖壹號院) | 109,466 | December 2016 | December 2018 | January 2017 | 82,597 | 222,896 | 305,493 | — | — | — | 1,847.4 | 155.2 | 69.5 | 2 |
| 2 | Ningbo Zhongliang THE ONE (寧波中梁壹號院) | 65,418 | July 2016 | September 2018 | December 2016 | 169,323 | 23,375 | 192,698 | — | — | — | 1,976.7 | 149.7 | 92.7 | 50 |
| 3 | Zhuji Zhongliang THE ONE (諸暨中梁壹號院) | 108,269 | August 2016 | August 2018 | November 2016 | 178,661 | 26,906 | 205,567 | — | — | — | 1,166.0 | 54.1 | 92.9 | 60 |
| 4 | Kaihua Zhongliang Bund THE ONE (開化中梁外灘壹號院) | 65,030 | October 2016 | September 2018 | November 2016 | 139,955 | 40,229 | 180,184 | — | — | — | 1,084.3 | 23.8 | 58.9 | 64 |
| 5 | Wenzhou Longwan Dragon Grand Court (溫州龍灣首府) ⁽¹⁾ | 134,685 | November 2015 | November 2017 | December 2015 | 0 | 32,309 | 32,309 | — | — | — | 3,098.0 | — | 100.0 | 15 |
| 6 | Lanxi Zhongliang Joy International Plaza (蘭溪中梁百悅國際) | 8,271 | May 2017 | December 2018 | August 2017 | 19,536 | 4,809 | 24,345 | — | — | — | 160.2 | 12.2 | 51.8 | 67 |

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| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report |
|--------|---|-------------------------|--|--|--|---|--|--------------------------------------|-------------------------------|-------------------------------|---|--|--|--|---|---|---|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Saleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | |
| 7 | Pingyang Zhongliang Glory Mansion (平陽中梁 國賓天下) ⁽¹⁾ | 95,675 | January 2016 | January 2018 | May 2016 | 0 | 12,044 | 12,044 | — | — | — | — | 681.3 | — | 100.0 | 11 | |
| 8 | Jiaxing Zhongliang Xiuhu THE ONE (嘉 興中梁秀湖壹號院) | 168,777 | December 2016 | December 2019 | January 2017 | 42,458 | 132,406 | 174,864 | 125,514 | 124,555 | 177,275 | — | 2,717.2 | 203.1 | 61.7 | 1 | |
| 9 | Lishui Tianchen Capital ONE (麗水天 宸壹號) | 72,092 | November 2018 | March 2021 | January 2019 | — | — | — | 188,326 | 91,327 | 229,772 | — | 1,907.8 | 561.6 | 30.0 | 25 | |
| 10 | Wenzhou Zhongliang THE ONE (溫州中梁壹號 院) | 78,793 | September 2017 | September 2019 | December 2017 | — | — | — | 164,800 | 137,053 | 221,896 | — | 1,963.9 | 301.9 | 65.1 | 18 | |
| 11 | Qingtian Zhongliang Joy Plaza (青田中梁 百悅城) | 24,397 | November 2016 | November 2019 | January 2017 | — | — | — | 179,108 | 133,716 | 219,166 | — | 970.4 | 529.1 | 47.1 | 27 | |
| 12 | Dongyang Zhongliang Crescent Garden (東陽中梁東 陽府) | 56,526 | July 2018 | July 2020 | July 2018 | — | — | — | 154,790 | 83,902 | 204,582 | — | 807.1 | 402.5 | 41.4 | 66 | |
| 13 | Wuyi Zhongliang Huadong THE ONE (武義中梁華壹號 院) | 70,318 | November 2018 | June 2021 | December 2018 | — | — | — | 151,538 | 25,170 | 187,338 | — | 663.4 | 616.3 | 100.0 | 68 | |
| 14 | Yuhuan Zhongliang Top Town (玉環中梁 玖號院) | 94,767 | November 2017 | December 2019 | May 2018 | — | — | — | 174,729 | 140,932 | 186,417 | — | 1,161.9 | 402.7 | 65.8 | 47 | |

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| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report |
|--------|--|-------------------------|--|--|--|---|--|--------------------------------------|---|-------------------------------|--|--|--|--|---|---|---|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Total GFA Under Development (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | |
| 15 | Lishui Jade Elegance Court (麗水翡翠濱江) | 69,833 | November 2017 | December 2019 | January 2018 | — | — | — | 124,685 | 111,423 | 171,693 | — | — | 1,411.0 | 292.1 | 61.8 | 23 |
| 16 | Zhoushan Zhongjiang Capital Park (舟山中梁首府) | 84,278 | December 2016 | May 2019 | December 2016 | — | 64,186 | 64,186 | 52,005 | 52,005 | 76,038 | — | — | 653.8 | 2.0 | 57.8 | 61 |
| 17 | Sanmen Zhongjiang Royal Garden (三門中梁園寶天下) | 56,429 | December 2016 | February 2019 | March 2017 | 41,384 | 116,060 | 157,444 | — | — | — | — | — | 761.6 | 2.6 | 57.0 | 33 |
| 18 | Zhongjiang Huadong Metro Tower (中梁華東都會中心) | 48,247 | November 2018 | January 2021 | January 2019 | — | — | — | 118,403 | 16,639 | 155,222 | — | — | 600.3 | 449.9 | 100.0 | 22 |
| 19 | Yongkang Zhongjiang Huadong Royal Park (永康中梁華東園寶府) | 53,040 | June 2018 | December 2020 | July 2018 | — | — | — | 103,081 | 21,402 | 156,093 | — | — | 1,143.6 | 414.5 | 60.2 | 70 |
| 20 | Taizhou Huangyan Yongming Capital Park (台州黃岩永寧首府) | 52,556 | April 2017 | May 2019 | June 2017 | — | — | — | 119,615 | 119,615 | 156,038 | — | — | 951.9 | 65.2 | 61.9 | 35 |
| 21 | Pingyang Metro Garden (平陽大都會) | 65,200 | March 2018 | March 2020 | April 2018 | — | — | — | 112,049 | 102,096 | 150,727 | — | — | 509.9 | 167.2 | 94.0 | 9 |
| 22 | Hangzhou Chunan Zhongjiang Islands Capital Park (杭州淳安中梁千島首府) | 100,688 | October 2017 | December 2019 | December 2017 | — | — | — | 111,232 | 94,943 | 149,757 | — | — | 978.5 | 219.5 | 56.4 | 52 |

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| Number | Projects | Site Area (in sq.m.) | Actual/Estimated Construction Commencement Date | Actual/Estimated Construction Completion Date | Actual/Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report |
|--------|---|----------------------|---|---|---|------------------------------------|--|--------------------------------|--------------------------|-------------------------|--|---|---|--|--|--|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | |
| 23 | Songyang Binjiang Capital Park (松陽濱江首府) | 55,827 | December 2016 | April 2019 | April 2017 | — | — | — | 104,018 | 104,018 | 143,313 | — | — | 771.6 | 59.3 | 32.4 | 29 |
| 24 | Ningbo Zhongliang Capital Park (寧波中梁首府) | 51,700 | April 2017 | June 2019 | June 2017 | — | — | — | 109,390 | 108,919 | 135,035 | — | — | 1,082.3 | 71.1 | 56.4 | 48 |
| 25 | Liushi Zhongliang Capital Park (柳市 中梁首府) | 37,596 | September 2018 | December 2020 | November 2018 | — | — | — | 100,677 | 22,185 | 134,470 | — | — | 597.1 | 296.0 | 100.0 | 8 |
| 26 | Dongyang Zhongliang Capital Park (東陽 中梁壹號院) | 45,117 | February 2018 | January 2020 | April 2018 | — | — | — | 96,945 | 86,212 | 127,391 | — | — | 539.1 | 172.0 | 46.9 | 65 |
| 27 | Yuyao Zhongliang Top Town (余姚 中梁九號院) | 47,160 | March 2017 | April 2019 | June 2017 | — | — | — | 102,990 | 102,779 | 124,610 | — | — | 755.5 | 3.6 | 52.6 | 51 |
| 28 | Ningbo Zhongliang Metro Garden (寧波 中梁大都會) | 19,250 | May 2018 | December 2020 | November 2018 | — | — | — | 101,993 | 32,992 | 124,203 | — | — | 471.6 | 339.9 | 45.1 | 49 |
| 29 | Pingyang Zhongliang Capital Park (平陽 中梁首府) | 33,693 | November 2018 | February 2021 | December 2018 | — | — | — | 93,380 | 29,631 | 123,817 | — | — | 276.8 | 306.5 | 100.0 | 10 |
| 30 | Linhai Platinum Joy Park (臨海 鉅悅府) | 42,954 | May 2018 | March 2020 | June 2018 | — | — | — | 107,260 | 77,184 | 123,242 | — | — | 1,247.2 | 207.9 | 54.6 | 32 |
| 31 | Taizhou Jiaojiang Zhongliang Capital ONE (Phase I) (台州 椒江 中梁首府壹號一期) | 43,414 | October 2016 | December 2018 | December 2016 | 35,464 | 85,768 | 121,232 | — | — | — | — | — | 1,123.5 | 20.5 | 94.2 | 39 |

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| Number | Projects | Site Area (in sq.m.) | Actual/Estimated Construction Commencement Date | Actual/Estimated Construction Completion Date | Actual/Estimated Pre-sale Commencement Date | Completed | | | | Under Development | | | | Future Development | | | | Group's Interest in the Project as of Valuation Date | Reference to Property Valuation Report |
|--------|---|----------------------|---|---|---|------------------------------------|--|--------------------------------|--------------------------|-------------------------|--|---|---|--|--|-------|----|--|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | (%) | | | |
| 32 | Yueqing Capital Elegance Court (樂清首府觀岸) | 30,976 | April 2017 | May 2019 | June 2017 | — | — | — | 91,999 | 91,946 | 118,607 | — | — | 763.3 | 25.3 | 100.0 | 19 | | |
| 33 | Deqing Zhongliang THE ONE (德清中梁壹號院) | 56,910 | September 2018 | June 2020 | November 2018 | — | — | — | 84,357 | 5,610 | 117,071 | — | — | 1,085 | 443.6 | 95.0 | 57 | | |
| 34 | Linhai Joy Majestic Park (臨海悅榮府) | 34,773 | July 2017 | May 2019 | August 2017 | — | — | — | 91,670 | 91,641 | 100,005 | — | — | 981.0 | 16.4 | 87.2 | 31 | | |
| 35 | Cangnan THE ONE (蒼南壹號院) | 27,029 | August 2017 | November 2019 | September 2017 | — | — | — | 66,319 | 45,087 | 85,499 | — | — | 1,085.9 | 129.8 | 94.9 | 5 | | |
| 36 | Lishui Royal Lakeside Mansion (麗水御湖東岸) | 41,074 | December 2016 | January 2019 | March 2017 | 40,431 | 51,285 | 91,716 | — | — | — | — | — | 760.4 | 1.6 | 39.5 | 24 | | |
| 37 | Zhoushan Zhongliang Wenlan Garden (舟山中梁文瀾府) | 44,920 | May 2018 | May 2020 | July 2018 | — | — | — | 61,621 | 45,252 | 84,333 | — | — | 630.2 | 111.8 | 65.8 | 63 | | |
| 38 | Qingtian Jiangnan Zhongliang Joy International Plaza (青田江南中梁百悅國際) | 16,170 | August 2017 | July 2019 | September 2017 | — | — | — | 61,443 | 50,997 | 73,740 | — | — | 188.7 | 112.4 | 28.5 | 26 | | |
| 39 | Pingyang Zhongliang ONE Palace (平陽中梁壹品) | 26,081 | September 2018 | January 2021 | November 2018 | — | — | — | 53,911 | 16,285 | 71,670 | — | — | 447.7 | 133.2 | 100.0 | 12 | | |
| 40 | Yunhe Royal Park (雲和國賓府) | 30,580 | September 2017 | July 2019 | November 2017 | — | — | — | 48,368 | 48,368 | 69,613 | — | — | 291.3 | 4.3 | 92.0 | 30 | | |

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| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report |
|--------|--|-------------------------|--|--|--|---|--|--------------------------------------|--------------------------------|-------------------------------|---|--|--|--|---|---|---|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | |
| 41 | Wenzhou Longwan Zhongliang Huahong Capital ONE (温州龙湾中梁 华鸿首府壹號) | 24,642 | April 2018 | August 2020 | June 2018 | — | — | — | 50,884 | 39,192 | 68,681 | — | — | 688.2 | 103.1 | 35.0 | 16 |
| 42 | Cangnan Top Town (蒼南玖號院) | 25,198 | April 2018 | September 2020 | May 2018 | — | — | — | 49,554 | 46,022 | 67,298 | — | — | 538.3 | 115.4 | 94.0 | 6 |
| 43 | Taizhou Jiaojiang Royal Garden (台州 椒江國賓天下) | 14,606 | June 2017 | July 2019 | September 2017 | — | — | — | 57,139 | 39,675 | 64,557 | — | — | 422.1 | 11.7 | 62.1 | 37 |
| 44 | Cangnan Zhongliang Capital Park (蒼南中 梁首府) | 19,984 | March 2017 | April 2019 | June 2017 | — | — | — | 49,152 | 45,867 | 63,343 | — | — | 574.0 | 14.3 | 56.4 | 7 |
| 45 | Wenling Zhongliang Royal ONE (溫嶺中 梁國賓1號) | 19,626 | September 2018 | July 2021 | December 2018 | — | — | — | 49,289 | 26,944 | 63,342 | — | — | 573.4 | 217.3 | 37.0 | 44 |
| 46 | Qingyuan Royal Garden (慶元國賓天 下) | 20,922 | September 2018 | August 2020 | October 2018 | — | — | — | 54,455 | 44,586 | 62,749 | — | — | 354.7 | 173.7 | 100.0 | 28 |
| 47 | Taizhou Jiaojiang Capital Park (台州椒 江公園首府) | 19,155 | March 2017 | May 2019 | May 2017 | — | — | — | 55,671 | 53,896 | 62,567 | — | — | 521.8 | 21.0 | 75.8 | 36 |
| 48 | Taizhou Wenling Zhongliang Scholarly Garden (台州溫嶺中梁望族學 府) | 11,231 | March 2017 | June 2019 | September 2017 | — | — | — | 41,715 | 41,715 | 60,777 | — | — | 355.7 | 165.1 | 63.4 | 42 |

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| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date | Reference to Property Valuation Report |
|--------|--|-------------------------|--|--|--|---|--|--------------------------------------|--------------------------------|-------------------------------|---|--|--|--|---|--|---|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | |
| 49 | Taizhou Jiaojiang Zhongliang Capital ONE (台州椒江中梁 首府壹號院) | 23,490 | July 2017 | August 2019 | November 2017 | — | — | — | 50,720 | 48,349 | 55,961 | — | — | 376.7 | 38.5 | 67.2 | 38 |
| 50 | Anji Joy Expo Park (安吉百悅博園) | 22,559 | December 2018 | May 2020 | March 2019 | — | — | — | 41,649 | — | 55,596 | — | — | 299.7 | 131.9 | 100.0 | 54 |
| 51 | Huzhou Zhongliang Capital Park (湖州中 梁首府) | 20,346 | January 2018 | October 2019 | April 2018 | — | — | — | 43,125 | 40,518 | 53,524 | — | — | 306.2 | 28.1 | 79.9 | 58 |
| 52 | Huzhou Zhongliang Royal Park (湖州中 梁國賓府) | 13,732 | July 2018 | March 2020 | September 2018 | — | — | — | 33,963 | 25,653 | 43,168 | — | — | 344.1 | 40.8 | 94.0 | 59 |
| 53 | Anji Zhongliang Joy Capital Park (North Zone) (安吉中梁百悅 首府(北區)) | 25,767 | July 2018 | March 2020 | September 2018 | — | — | — | 32,200 | 16,992 | 41,919 | — | — | 157.3 | 75.3 | 47.9 | 55 |
| 54 | Taizhou Wenling Academy ONE (台 州溫嶺學府壹號) | 14,128 | March 2018 | August 2020 | July 2018 | — | — | — | 29,598 | 19,390 | 40,697 | — | — | 441.8 | 103.4 | 60.0 | 41 |
| 55 | Anji Zhongliang Joy Capital Park (South Zone) (安吉中梁百悅 首府(南區)) | 19,119 | July 2018 | January 2020 | August 2018 | — | — | — | 30,056 | 26,377 | 40,327 | — | — | 144.3 | 69.8 | 36.7 | 56 |
| 56 | Tongxiang Zhongliang Royal Park (桐鄉中梁國賓府) | 18,488 | April 2017 | March 2019 | July 2017 | 9,138 | 29,035 | 38,173 | — | — | — | — | — | 273.2 | — | 91.3 | 3 |
| 57 | Cangnan Century ONE (蒼南世紀壹號) | 13,915 | September 2018 | November 2020 | January 2019 | — | — | — | 26,508 | 10,951 | 37,072 | — | — | 221.4 | 80.0 | 100.0 | 4 |

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| Number | Projects | Site Area (in sq.m.) | Completed | | | Under Development | | | | Future Development | | | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report | | | |
|--------|--|----------------------|---|---|---|------------------------------------|--|--------------------------------|-------------------------|-------------------------|--|---|--|--|---|--|--|
| | | | Actual/Estimated Construction Commencement Date | Actual/Estimated Construction Completion Date | Actual/Estimated Pre-sale Commencement Date | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Saleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | | | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) |
| 58 | Wenling Zhongliang Shanti Mansion (溫中梁·香緹公館) | 13,279 | September 2018 | April 2021 | January 2019 | — | — | — | 26,563 | 6,126 | 35,534 | — | — | 289.5 | 120.9 | 43.6 | 45 |
| 59 | Yueqing Zhongliang Glory Garden (樂清中梁御府) | 11,093 | February 2018 | November 2019 | May 2018 | — | — | — | 23,344 | 23,183 | 30,599 | — | — | 261.9 | 23.3 | 65.8 | 20 |
| 60 | Ruian Shanti Peninsula (瑞安香緹半島) | 7,857 | February 2018 | July 2020 | May 2018 | — | — | — | 23,663 | 23,663 | 30,194 | — | — | 205.6 | 97.2 | 94.0 | 14 |
| 61 | Taizhou Huangyan Shanti Mansion (台州黃岩香緹公館) | 9,822 | May 2017 | June 2019 | October 2017 | — | — | — | 25,393 | 25,326 | 27,950 | — | — | 239.4 | 0.1 | 87.2 | 34 |
| 62 | Zhoushan Zhongliang Wenchang Garden (舟山中梁文昌府) | 11,329 | February 2018 | July 2019 | March 2018 | — | — | — | 20,133 | 12,451 | 27,654 | — | — | 249.4 | 15.4 | 57.1 | 62 |
| 63 | Taizhou Jiaojiang Zhongliang Capital ONE (Phase II) (台州椒江中梁首府壹號二期) | 9,333 | January 2017 | March 2019 | June 2017 | 387 | 25,109 | 25,496 | — | — | — | — | — | 208.1 | 17.9 | 97.0 | 40 |
| 64 | Taizhou Zhongliang Wenling Impression Garden (台州中梁溫嶺印象) | 10,707 | November 2016 | March 2019 | March 2017 | 12,353 | 11,821 | 24,174 | — | — | — | — | — | 201.3 | 1.3 | 70.8 | 43 |
| 65 | Ruian Joy Elegance Court (瑞安公園華府) | 5,519 | October 2017 | July 2019 | December 2017 | — | — | — | 14,239 | 14,239 | 18,718 | — | — | 143.6 | 19.5 | 91.0 | 13 |
| 66 | Yueqing Zhongliang Joy Park (樂清中梁悅府) | 4,811 | April 2018 | July 2021 | December 2018 | — | — | — | 13,306 | 2,596 | 17,314 | — | — | 98.5 | 46.2 | 64.0 | 21 |

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| Number | Projects | Site Area (in sq.m.) | Actual/Estimated Construction Commencement Date | Actual/Estimated Construction Completion Date | Actual/Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report | |
|---------------------------|--|----------------------|---|---|---|------------------------------------|--|--------------------------------|--------------------------|-------------------------|--|---|---|--|--|--|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) |
| 67 | Wenzhou Zhongliang Majestic Mansion (温州中梁鹿城中心) | 65,247 | March 2019 | September 2021 | August 2019 | — | — | — | 197,295 | — | 265,366 | — | — | 1,983.0 | 1,315.2 | 46.0 | 17 |
| 68 | Hangzhou Zhongliang Glory Garden (杭州中梁御府) | 26,094 | May 2019 | June 2021 | September 2019 | — | — | — | — | — | — | 47,202 | 47,202 | 195.6 | 422.9 | 100.0 | 53 |
| 69 | Yiwu Zhongliang Royal Park (义乌中梁鸚鵡園賓府) | 24,424 | June 2019 | May 2021 | August 2019 | — | — | — | — | — | — | — | 70,594 | 227.6 | 242.3 | 100.0 | 69 |
| 70 | Yuhuan No. 33102104966 (玉环No. 33102104966) | 70,000 | May 2019 | May 2021 | September 2019 | — | — | — | — | — | — | — | 134,900 | 527.9 | 469.3 | 100.0 | 46 |
| Zhejiang Sub-total | | 2,964,402 | — | — | — | 771,687 | 878,238 | 1,649,925 | 4,295,830 | 2,847,595 | 5,533,540 | 47,202 | 252,696 | 51,738.7 | 11,661.3 | — | — |
| Jiangsu Province | | | | | | | | | | | | | | | | | |
| 71 | Suzhou Zhongliang Royal Villa Park (蘇州中梁麗墅御湖) | 332,849 | October 2016 | September 2018 | December 2017 | 128,107 | 10,412 | 138,519 | — | — | — | — | — | 981.6 | — | 67.0 | 82 |
| 72 | Dongtai Zhongliang Royal Park (東台中梁國賓府) | 86,756 | December 2016 | June 2019 | January 2017 | 90,182 | 26,449 | 116,631 | 114,519 | 103,841 | 123,279 | — | — | 525.4 | 94.0 | 82.0 | 99 |
| 73 | Zhangjiagang Zhongliang THE ONE (張家港中梁壹號院) | 94,177 | August 2016 | April 2019 | October 2016 | 717 | 61,429 | 62,146 | 115,142 | 110,174 | 152,617 | — | — | 1,230.9 | 10.0 | 64.2 | 83 |
| 74 | Suzhou Zhongliang Capital ONE (蘇州中梁首府壹號院) | 6,567 | November 2016 | May 2018 | March 2017 | 10,050 | 403 | 10,453 | — | — | — | — | — | 130.6 | — | 30.0 | 81 |

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| Number | Projects | Site Area (in sq.m.) | Actual/Estimated Construction Commencement Date | Actual/Estimated Construction Completion Date | Actual/Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report | |
|--------|--|----------------------|---|---|---|------------------------------------|--|--------------------------------|--------------------------|-------------------------|--|---|---|--|--|--|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) |
| 75 | Xuzhou Zhongliang Shanti Mansion (徐州中梁香緹公館) | 213,723 | June 2017 | August 2021 | July 2017 | — | — | 760,523 | 618,750 | 578,859 | 760,523 | — | — | 1,925.0 | 1,478.4 | 53.0 | 97 |
| 76 | Xuzhou Zhongliang Capital Park (徐州中梁首府) | 74,487 | October 2017 | April 2020 | February 2018 | — | — | 231,583 | 182,960 | 177,837 | 231,583 | — | — | 976.7 | 406.1 | 47.1 | 96 |
| 77 | Baoying Zhongliang Rongchuang Capital ONE (寶應中梁融創首府壹號) | 77,707 | January 2018 | December 2019 | February 2018 | — | — | 217,763 | 173,136 | 125,890 | 217,763 | — | — | 917.5 | 331.6 | 55.9 | 103 |
| 78 | Pizhou Zhongliang Royal Park Phase I (邳州中梁國賓府一期) | 66,246 | October 2017 | December 2019 | January 2018 | — | — | 212,783 | 164,326 | 158,861 | 212,783 | — | — | 476.3 | 306.1 | 46.1 | 93 |
| 79 | Taizhou Zhongliang Taida Capital ONE (泰州中梁泰達首府壹號) | 62,040 | April 2018 | January 2020 | June 2018 | — | — | 171,226 | 125,830 | 124,344 | 171,226 | — | — | 674.4 | 162.4 | 50.8 | 85 |
| 80 | Yancheng Zhongliang Dragon Mansion (鹽城中梁聚龍首府) | 57,683 | March 2017 | June 2019 | April 2017 | — | — | 166,634 | 150,885 | 150,885 | 166,634 | — | — | 827.1 | 40.2 | 88.3 | 101 |
| 81 | Liyang Zhongliang Shanti Mansion (濰陽中梁香緹) | 49,896 | July 2017 | June 2019 | December 2017 | — | — | 152,293 | 107,476 | 107,476 | 152,293 | — | — | 596.1 | 150.9 | 49.8 | 73 |
| 82 | Changzhou Zhongliang Capital ONE (常州中梁首府壹號) | 76,143 | January 2018 | March 2020 | January 2018 | — | — | 146,737 | 137,903 | 86,390 | 146,737 | — | 95,187 | 427.1 | 208.8 | 37.5 | 71 |

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| Number | Projects | Site Area (in sq.m.) | Actual/Estimated Construction Commencement Date | Actual/Estimated Construction Completion Date | Actual/Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report |
|--------|--|----------------------|---|---|---|------------------------------------|--|--------------------------------|-------------------------|-------------------------|--|---|---|--|--|--|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Saleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | |
| 83 | Haimen Zhongliang THE ONE (海門中梁壹號院) | 54,702 | October 2018 | October 2020 | November 2018 | — | — | 129,264 | 105,550 | 50,241 | — | — | 346.3 | 283.4 | 56.4 | 77 | |
| 84 | Wuxi Zhongliang Capital ONE (無錫中梁首府壹號) | 47,804 | December 2016 | April 2019 | January 2017 | — | — | 123,662 | 94,054 | 93,493 | — | — | 1,030.5 | 4.1 | 66.5 | 90 | |
| 85 | Taizhou Zhongliang Taida THE ONE (泰州中梁泰達壹號院) | 43,536 | December 2017 | September 2019 | January 2018 | — | — | 121,272 | 89,798 | 87,055 | — | — | 361.8 | 116.6 | 30.6 | 86 | |
| 86 | Jingjiang Zhongliang THE ONE (靖江中梁壹號院) | 62,655 | June 2017 | May 2019 | July 2017 | — | — | 114,590 | 92,526 | 92,526 | — | — | 767.8 | 39.5 | 61.0 | 84 | |
| 87 | Ganyu Zhongliang Capital Park (贛榆中梁首府) | 45,854 | November 2018 | January 2021 | December 2018 | — | — | 112,924 | 80,878 | 12,199 | — | — | 208.0 | 327.5 | 51.2 | 75 | |
| 88 | Jiangyin Zhongliang Palace ONE (江陰中梁壹號公館) | 20,914 | July 2017 | May 2020 | June 2018 | — | — | 112,248 | 82,291 | 54,481 | — | — | 513.4 | 155.6 | 61.9 | 87 | |
| 89 | Yixing Zhongliang THE ONE (宜興中梁壹號院) | 60,434 | November 2017 | August 2019 | December 2017 | — | — | 106,784 | 70,527 | 67,261 | — | — | 708.1 | 99.3 | 53.2 | 91 | |
| 90 | Tongzhou Zhongliang Capital Park (通州中梁首府) | 41,241 | March 2017 | July 2019 | May 2017 | — | — | 106,518 | 86,452 | 81,903 | — | — | 649.0 | 19.2 | 62.0 | 79 | |
| 91 | Jiangyin Zhongliang THE ONE (江陰中梁壹號院) | 47,328 | November 2017 | September 2019 | December 2017 | — | — | 105,858 | 84,100 | 84,100 | — | — | 782.3 | 76.3 | 21.8 | 89 | |

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| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report |
|--------|--|-------------------------|--|--|--|---|--|--------------------------------------|--------------------------------|-------------------------------|---|--|--|--|-------|---|---|---|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | | |
| 92 | Xuzhou Zhongliang THE ONE (徐州中梁壹號院) | 47,360 | November 2018 | February 2021 | December 2018 | — | — | — | 74,483 | 10,142 | 100,319 | — | — | 320.9 | 200.0 | 94.0 | 98 | |
| 93 | Xinyi Zhongwu Capital Park (新沂蠶香首府) | 29,138 | August 2018 | February 2021 | November 2018 | — | — | — | 74,191 | 30,801 | 97,970 | — | — | 378.5 | 327.6 | 47.9 | 95 | |
| 94 | Qianhuang Zhongliang THE ONE (前黃中梁壹號院) | 37,558 | December 2018 | September 2020 | January 2019 | — | — | — | 92,216 | 5,699 | 98,202 | — | — | 291.3 | 269.9 | 70.0 | 74 | |
| 95 | Lianyungang Zhongliang Yuzhou THE ONE (連雲港中梁鬱洲壹號院) | 39,360 | September 2017 | July 2019 | December 2017 | — | — | — | 76,253 | 72,948 | 91,532 | — | — | 334.9 | 145.7 | 59.1 | 76 | |
| 96 | Yancheng Zhongliang Yandu Mansion (鹽城中梁鹽督府) | 49,845 | December 2018 | December 2020 | January 2019 | — | — | — | 98,438 | 18,563 | 110,934 | — | — | 329.9 | 307.3 | 65.8 | 102 | |
| 97 | Rugao Zhongliang THE ONE (如皋中梁壹號院) | 23,811 | September 2018 | March 2020 | November 2018 | — | — | — | 46,657 | 27,792 | 53,051 | — | — | 177.7 | 62.7 | 42.3 | 78 | |
| 98 | Suqian Zhongliang Capital Park (宿遷中梁首府) | 87,030 | April 2019 | August 2021 | July 2019 | — | — | — | — | — | — | — | 296,204 | 601.4 | 977.5 | 50.8 | 92 | |
| 99 | Yancheng Zhongliang Tongda Royal Park (鹽城中梁通達園寶府) | 65,835 | May 2019 | November 2021 | August 2019 | — | — | — | — | — | — | — | 229,075 | 527.5 | 773.7 | 94.0 | 100 | |

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| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report | |
|--------------------------|---|-------------------------|--|--|--|---|---|--------------------------------------|--------------------------------|-------------------------------|--|--|--|--|---|---|---|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | | |
| 100 | Changzhou Zhongliang Joy Plaza (常州中梁百悦城) | 69,049 | March 2019 | May 2021 | April 2019 | — | — | — | 83,252 | — | 111,102 | — | 64,082 | 365.3 | 495.3 | 100.0 | 72 | |
| 101 | Pizhou Zhongliang Royal Park (Phase II) (邳州中梁國賓府二期) | 27,381 | January 2019 | March 2021 | April 2019 | — | — | — | 70,496 | — | 88,486 | — | — | 144.0 | 215.0 | 46.1 | 93 | |
| 102 | Jiangyin Zhongliang Royal Park (江陰中梁國賓府) | 30,170 | January 2019 | December 2021 | April 2019 | — | — | — | 53,282 | — | 67,949 | — | — | 194.8 | 192.2 | 56.4 | 88 | |
| 103 | Chanshu Zhongliang Longjingge (常熟中梁龍景閣) | 57,647 | May 2019 | June 2021 | August 2019 | — | — | — | — | — | — | — | 159,208 | 6.4 | 1,410.5 | 30.0 | 80 | |
| Jiangsu Sub-total | | 2,186,926 | — | — | — | 229,056 | 98,693 | 327,749 | 3,346,371 | 2,513,761 | 4,188,103 | — | 843,756 | 18,728.5 | 9,687.4 | — | — | |
| Anhui Province | | | | | | | | | | | | | | | | | | |
| 104 | Wuhu Zhongliang Royal Park (蕪湖中梁國賓府) | 106,022 | May 2017 | June 2019 | June 2017 | 104,611 | 11,110 | 115,721 | 48,103 | 48,103 | 80,499 | — | — | 1,303.0 | 64.5 | 94.0 | 115 | |
| 105 | Wuhu Zhongliang Wanjiang THE ONE (蕪湖中梁皖江壹號院) | 94,003 | January 2017 | September 2019 | January 2017 | 105,356 | 14,616 | 119,972 | 77,207 | 76,608 | 128,447 | — | — | 1,575.4 | 91.4 | 52.6 | 116 | |
| 106 | Zhongliang Xuanzhou THE ONE (中梁宣州壹號院) | 119,240 | June 2017 | October 2019 | June 2017 | — | — | — | 256,426 | 256,176 | 324,390 | — | — | 1,035.5 | 362.9 | 65.8 | 122 | |

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| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | | Under Development | | | | Future Development | | | | Group's Interest in the Project as of Valuation Date | Reference to Property Valuation Report |
|--------|--|-------------------------|--|--|--|---|--|--------------------------------------|--------------------------------|-------------------------------|--|--|--|--|---|-------|-----|--|---|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | | | | |
| 107 | Wuhu Zhongliang River Mansion 1621 (蕪湖中梁江城府1621) | 99,204 | June 2017 | May 2019 | June 2017 | — | — | — | 244,897 | 244,477 | 315,314 | — | — | 1,163.8 | 180.7 | 62.1 | 114 | | |
| 108 | Mengcheng Zhongliang THE ONE (蒙城中梁壹號院) | 121,831 | July 2017 | August 2019 | September 2017 | — | — | — | 243,274 | 225,011 | 308,146 | — | — | 1,302.6 | 264.8 | 80.0 | 106 | | |
| 109 | Wuhu Zhongliang Dragon Terrace (蕪湖中梁龍臺) | 82,074 | August 2018 | April 2020 | September 2018 | — | — | — | 146,584 | 88,413 | 196,147 | — | — | 660.6 | 326.2 | 76.0 | 117 | | |
| 110 | Suixi Zhongliang Royal Mansion (淮溪中梁園寶天下御府) | 60,051 | April 2018 | August 2019 | April 2018 | — | — | — | 130,756 | 98,138 | 165,283 | — | — | 335.6 | 266 | 48.0 | 109 | | |
| 111 | Suixi Zhongliang Royal Garden (淮溪中梁園寶天下) | 60,361 | September 2017 | July 2019 | November 2017 | — | — | — | 130,334 | 126,403 | 162,189 | — | — | 428.1 | 172.7 | 65.8 | 108 | | |
| 112 | Zongyang Zhongliang THE ONE (縱陽中梁壹號院) | 60,682 | October 2018 | October 2020 | December 2018 | — | — | — | 108,418 | 10,115 | 134,160 | — | — | 299.3 | 297.2 | 100.0 | 112 | | |
| 113 | Chizhou Zhongliang THE ONE (池州中梁壹號院) | 54,477 | January 2018 | January 2020 | May 2018 | — | — | — | 94,878 | 82,371 | 117,604 | — | — | 627.6 | 160.7 | 65.8 | 105 | | |
| 114 | Tongling Zhongliang Elegance Court (銅陵中梁熙華府) | 36,627 | August 2017 | June 2019 | October 2017 | — | — | — | 91,000 | 90,485 | 114,058 | — | — | 351.3 | 48.6 | 61.1 | 111 | | |

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| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report |
|--------|--|-------------------------|--|--|--|---|--|--------------------------------------|-------------------------------|-------------------------------|--|--|--|--|---|---|---|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Saleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | |
| 115 | Fanchang Zhongliang THE ONE (繁昌中梁壹號 院) | 47,274 | December 2017 | April 2019 | January 2018 | — | — | — | 82,151 | 78,661 | 108,837 | — | — | 376.8 | 59.5 | 47.1 | 113 |
| 116 | Xuancheng Zhongliang Xuandu Mansion (宣城中梁 宣督府) | 35,296 | December 2017 | August 2019 | January 2018 | — | — | — | 63,436 | 60,530 | 79,343 | — | — | 385.5 | 53.9 | 54.7 | 121 |
| 117 | Ningguo Zhongliang Ningsuo Royal Mansion (寧國中 梁寧國府) | 34,077 | May 2018 | October 2019 | May 2018 | — | — | — | 60,253 | 54,352 | 71,958 | — | — | 178.6 | 104.6 | 38.5 | 119 |
| 118 | Mengcheng Zhongliang Top Terrace (蒙城中梁玖 驪台) | 90,060 | November 2018 | November 2020 | December 2018 | — | — | — | 64,525 | 20,646 | 68,375 | — | 165,725 | 484.5 | 534.6 | 62.5 | 104 |
| 119 | Xuancheng Zhongliang Jingting Mansion (宣城中梁 敬亭府) | 27,695 | April 2018 | October 2019 | June 2018 | — | — | — | 44,025 | 33,679 | 56,267 | — | — | 178.1 | 78.9 | 65.8 | 120 |
| 120 | Suzhou Zhongliang Capital Park (宿州中 梁首府) | 11,910 | November 2018 | April 2020 | November 2018 | — | — | — | 30,243 | 21,429 | 33,939 | — | — | 83.7 | 79.0 | 100.0 | 118 |
| 121 | Liu'an Zhongliang Wangjingtai (六安中 梁理璟台) | 58,177 | April 2019 | June 2022 | September 2019 | — | — | — | — | — | — | — | 146,783 | 16.9 | 55.0 | 60.0 | 110 |
| 122 | Hefei Gangji Zhongliang Huadi Chenyang Park (合 肥崗集中梁華地•辰 陽府) | 69,271 | June 2019 | October 2022 | October 2019 | — | — | — | — | — | — | 153,892 | 153,892 | — | 103.2 | 70.0 | 107 |

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| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | | Under Development | | | | Future Development | | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report |
|--|---|-------------------------|--|--|--|---|--|--------------------------------------|--------------------------------|-------------------------------|---|--|--|--|----------|------|-----|---|---|---|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | | | | |
| Anhui Sub-total | | 1,268,332 | — | — | — | 209,967 | 25,726 | 235,693 | 1,916,510 | 1,615,597 | 2,464,956 | 153,892 | 466,400 | 10,786.9 | 3,304.4 | — | — | | | |
| Yangtze River Delta Economic Region Sub-total | | 6,419,660 | — | — | — | 1,210,710 | 1,002,657 | 2,213,367 | 9,558,711 | 6,976,953 | 12,186,599 | 201,094 | 1,562,852 | 81,254.1 | 24,653.1 | — | — | | | |
| Midwest China Economic Region | | | | | | | | | | | | | | | | | | | | |
| Henan Province | | | | | | | | | | | | | | | | | | | | |
| 123 | Shangqiu Zhongliang Prosperity Garden (商丘中梁榮華城) | 61,416 | August 2018 | April 2021 | September 2018 | — | — | — | 191,408 | 51,425 | 253,155 | — | 75,099 | 677.0 | 427.8 | 47.0 | 131 | | | |
| 124 | Xinyang Zhongliang Shenzhen THE ONE (信陽中梁申州壹號 院) | 96,428 | November 2017 | April 2021 | April 2018 | — | — | — | 238,355 | 100,692 | 253,268 | — | 50,125 | 962.4 | 612.2 | 56.4 | 133 | | | |
| 125 | Xuchang Xidu Mansion (許昌西都 府) | 62,670 | September 2018 | January 2021 | November 2018 | — | — | — | 171,043 | 31,918 | 220,201 | — | — | 496.0 | 488.7 | 60.0 | 135 | | | |
| 126 | Xuchang Zhongliang ● Weidu Mansion (許昌中梁●魏都府) | 60,008 | April 2018 | May 2020 | June 2018 | — | — | — | 162,658 | 61,668 | 208,090 | — | — | 786.9 | 412.7 | 65.8 | 136 | | | |
| 127 | Puyang Zhongliang THE ONE (濮陽中梁 壹號院) | 59,450 | June 2018 | September 2020 | June 2018 | — | — | — | 147,425 | 104,550 | 181,702 | — | — | 390.0 | 326.2 | 65.8 | 130 | | | |
| 128 | Pingdingshan Zhongliang Yingcheng THE ONE (平頂山中梁 壹號院) | 38,351 | May 2018 | July 2020 | July 2018 | — | — | — | 118,994 | 45,506 | 149,135 | — | — | 224.1 | 336.4 | 64.0 | 129 | | | |

BUSINESS

| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | | Under Development | | | | Future Development | | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report |
|--------|---|-------------------------|--|--|--|---|---|--------------------------------------|--------------------------------|-------------------------------|--|--|--|--|-------|-------|-----|---|---|---|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | | | | |
| 129 | Xuchang Zhongliang Capital Park (许昌中 梁首府) | 36,403 | March 2018 | May 2020 | June 2018 | — | — | — | 95,775 | 45,811 | 122,518 | — | — | 317.6 | 175.0 | 65.8 | 137 | | | |
| 130 | Jiyuan Zhongliang Jiyuan Mansion (济 源中梁济源府) | 49,506 | April 2018 | March 2020 | May 2018 | — | — | — | 119,415 | 63,722 | 154,062 | — | — | 255.2 | 338.8 | 56.2 | 123 | | | |
| 131 | Shangqiu Zhongliang THE ONE (商丘中梁壹號 院) | 33,987 | November 2018 | October 2020 | January 2019 | — | — | — | 84,098 | 23,974 | 109,720 | — | — | 300.4 | 245.2 | 65.8 | 132 | | | |
| 132 | Yuzhou Zhongliang Yuzhou Mansion (禹 州中梁禹州府) | 28,568 | August 2018 | September 2020 | September 2018 | — | — | — | 83,280 | 39,516 | 107,389 | — | — | 223.2 | 225.4 | 94.0 | 138 | | | |
| 133 | Jiaozuo Zhongliang Capital Park (焦作中 梁首府) | 16,283 | February 2018 | March 2020 | June 2018 | — | — | — | 43,347 | 32,935 | 54,934 | — | — | 150.3 | 83.6 | 65.8 | 124 | | | |
| 134 | Nanyang Zhongliang Capital Park (Phase II) (南陽中梁首府二 期) | 53,589 | March 2019 | February 2021 | June 2019 | — | — | — | 119,218 | — | 158,542 | — | — | 300.1 | 440.8 | 83.2 | 128 | | | |
| 135 | Changge Zhongliang Getian Park (長葛中 梁葛天府) | 42,757 | February 2019 | January 2021 | February 2019 | — | — | — | 125,958 | — | 158,932 | — | — | 249.6 | 363.4 | 100.0 | 134 | | | |
| 136 | Luoyang Zhongliang THE ONE (洛陽中梁 壹號院) | 49,924 | April 2019 | February 2021 | July 2019 | — | — | — | — | — | — | — | 133,290 | 541.5 | 380.0 | 65.0 | 125 | | | |

BUSINESS

| Number | Projects | Site Area (in sq.m.) | Actual/Estimated Construction Commencement Date | Actual/Estimated Construction Completion Date | Actual/Estimated Pre-sale Commencement Date | Completed | | | | Under Development | | | | Future Development | | | | Group's Interest in the Project as of Valuation Date | Reference to Property Valuation Report |
|--------|---|----------------------|---|---|---|------------------------------------|--|--------------------------------|--------------------------|-------------------------|--|---|---|--|--|-----|--|--|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | | | | |
| 137 | Zhengzhou Zhongliang Capital ONE (鄭州中梁首府壹號) | 39,180 | May 2019 | November 2021 | June 2019 | — | — | — | — | — | — | 124,202 | 203.8 | 379.0 | 70.0 | 139 | | | |
| 138 | Nanyang Zhongliang Capital Park (Phase I) (南陽中梁首府一期) | 19,428 | April 2019 | May 2020 | May 2019 | — | — | — | — | — | 51,592 | 117.1 | 137.0 | 50.0 | 127 | | | | |
| 139 | Nanyang Fangcheng Zhong Liang Capital Park (南陽方城中梁首府) | 49,990 | June 2019 | July 2021 | October 2019 | — | — | — | — | 155,833 | 155,833 | 119.4 | 399.9 | 100.0 | 126 | | | | |
| | Henan Sub-total | 797,938 | — | — | — | — | 1,700,974 | 601,717 | 2,131,648 | 155,833 | 590,141 | 6,314.6 | 5,772.1 | — | — | | | | |
| | Yunnan Province | | | | | | | | | | | | | | | | | | |
| 140 | Zhaotong Zhongliang THE ONE – Lan Garden (昭通中梁壹號院●蘭庭) | 92,577 | October 2018 | August 2020 | November 2018 | — | — | — | 283,484 | 15,661 | 309,110 | — | 945.6 | 628.1 | 100.0 | 147 | | | |
| 141 | Kunming Zhongliang Capital Park (昆明中梁首府) | 36,354 | September 2018 | June 2020 | October 2018 | — | — | — | 222,547 | 56,091 | 259,384 | — | 761.2 | 563.8 | 33.6 | 144 | | | |
| 142 | Dali Zhongliang THE ONE (大理中梁壹號院) | 120,544 | October 2018 | May 2020 | November 2018 | — | — | — | 148,513 | 42,613 | 217,773 | — | 35,869 | 637.4 | 73.0 | 141 | | | |
| 143 | Yuxi Zhongliang THE ONE (玉溪中梁壹號院) | 117,612 | March 2018 | September 2019 | May 2018 | — | — | — | 189,806 | 133,830 | 195,094 | — | 736.2 | 252.4 | 100.0 | 146 | | | |

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| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date | Reference to Property Valuation Report | |
|-------------------------|---|-------------------------|--|--|--|---|--|--------------------------------------|-------------------------------|-------------------------------|---|--|--|--|---|--|---|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Saleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | | |
| 144 | Baoshan Zhongliang THE ONE (保山中梁 壹號院) | 44,394 | June 2018 | October 2019 | September 2018 | — | — | — | 130,196 | 47,514 | 146,949 | — | — | 389.0 | 276.3 | 70.0 | 140 | |
| 145 | Kunming Anning Zhongliang Majestic Mansion (昆明安寧 中梁華府) | 24,764 | December 2017 | August 2019 | January 2018 | — | — | — | 103,943 | 97,429 | 119,632 | — | — | 402.2 | 172.6 | 95.8 | 142 | |
| 146 | Kunming Anning Zhongliang Park City (昆明安寧中梁 博翠) | 15,850 | March 2018 | November 2019 | June 2018 | — | — | — | 86,172 | 72,104 | 94,895 | — | — | 202.5 | 144.0 | 65.8 | 143 | |
| 147 | Puer Zhongliang THE ONE (普洱中梁 壹號院) | 32,772 | November 2018 | June 2020 | December 2018 | — | — | — | 61,294 | 13,691 | 66,791 | — | — | 380.3 | 201.9 | 100.0 | 145 | |
| 148 | Zhaotong Zhongliang THE ONE – Yu Garden (昭通中梁壹號院●御 庭) | 20,967 | January 2019 | March 2020 | June 2019 | — | — | — | 66,429 | — | 70,057 | — | — | 189.8 | 170.1 | 100.0 | 148 | |
| Yunnan Sub-total | | 505,834 | — | — | — | — | — | — | 1,292,384 | 478,933 | 1,479,685 | — | 35,869 | 5,633.4 | 3,046.6 | — | — | |
| Hunan Province | | | | | | | | | | | | | | | | | | |
| 149 | Changde Zhongliang Binjiang Capital Park (常德中梁濱江 首府) | 74,390 | September 2018 | January 2021 | November 2018 | — | — | — | 191,899 | 69,426 | 248,147 | — | — | 536.8 | 457.4 | 100.0 | 156 | |
| 150 | Zhuzhou Zhongliang Jianning Sandal Garden (株洲中梁建 寧樺府) | 82,917 | August 2018 | December 2020 | August 2018 | — | — | — | 204,702 | 36,679 | 255,395 | — | — | 717.0 | 468.6 | 35.8 | 165 | |

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| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date | Reference to Property Valuation Report |
|--------|---|-------------------------|--|--|--|---|--|--------------------------------------|-------------------------------|-------------------------------|--|--|--|--|---|--|---|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Saleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | |
| 151 | Ningxiang Zhongjiang Capital Park (寧鄉中梁首府) | 55,397 | November 2017 | July 2019 | November 2017 | — | — | — | 139,045 | 129,830 | 167,373 | — | — | 532.4 | 130.3 | 39.8 | 164 |
| 152 | Hengyang Zhongjiang THE ONE (衡陽中梁壹號 院) | 16,881 | June 2018 | April 2020 | June 2018 | — | — | — | 97,940 | 90,486 | 114,445 | — | — | 330.5 | 68.4 | 46.5 | 157 |
| 153 | Yueyang Zhongjiang Capital Park (岳陽中 梁首府) | 25,007 | October 2018 | October 2020 | November 2018 | — | — | — | 63,422 | 6,424 | 91,605 | — | 23,176 | 266.7 | 265 | 31.4 | 161 |
| 154 | Liyang Zhongjiang Glory Garden (瀏陽 中梁禦府) | 32,374 | October 2018 | June 2020 | October 2018 | — | — | — | 90,545 | 24,042 | 114,302 | — | — | 291.2 | 182.8 | 80.0 | 158 |
| 155 | Loudi Zhongjiang Capital Park (婁底中 梁首府) | 12,906 | November 2018 | March 2020 | December 2018 | — | — | — | 48,898 | 41,063 | 58,046 | — | — | 148.6 | 82.9 | 70.0 | 159 |
| 156 | Changsha Zhongjiang Yunlu Legend (長沙中梁 雲麓傳奇) | 64,566 | April 2019 | March 2021 | May 2019 | — | — | — | — | — | — | — | 197,384 | 664.9 | 680.8 | 60.0 | 163 |
| 157 | Taojiang Zhongjiang Capital Park (桃江中 梁首府) | 52,053 | January 2019 | May 2021 | June 2019 | — | — | — | 155,487 | — | 195,337 | — | — | 298.5 | 435.8 | 100.0 | 160 |
| 158 | Changsha No. 4301212019 B00336 (長沙 No. 4301212019 B00336) | 87,316 | June 2019 | July 2020 | September 2019 | — | — | — | — | — | — | 205,251 | 205,251 | 169.3 | 738.3 | 100.0 | 162 |

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| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report |
|------------------------|--|-------------------------|--|--|--|---|--|--------------------------------------|--------------------------------|-------------------------------|--|--|--|--|---|---|---|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | |
| Hunan Sub-total | | 503,807 | — | — | — | — | — | 991,938 | 397,950 | 1,244,650 | 205,251 | 425,811 | 3,955.9 | 3,510.3 | — | — | |
| Hubei Province | | | | | | | | | | | | | | | | | |
| 159 | Ezhou Zhongliang Kaisa THE ONE (鄂州中梁佳兆業壹號院) | 95,141 | October 2018 | December 2021 | November 2018 | — | — | 126,820 | 43,525 | 196,892 | — | 155,086 | 952.9 | 840.9 | 65.0 | 149 | |
| 160 | Suizhou Zhongliang Joy Majestic Park (隨州中梁楚悅府) | 62,500 | September 2018 | August 2020 | November 2018 | — | — | 139,841 | 57,656 | 179,749 | — | — | 377.7 | 352.3 | 57.6 | 152 | |
| 161 | Enshi Zhongliang Top Town (恩施中梁九號院) | 26,096 | April 2018 | April 2020 | May 2018 | — | — | 84,659 | 73,434 | 104,350 | — | — | 294.0 | 133.5 | 65.8 | 151 | |
| 162 | Yichang Zhongliang Capital Park (宜城中梁首府) | 27,710 | May 2018 | January 2020 | July 2018 | — | — | 68,553 | 49,429 | 79,086 | — | — | 153.9 | 128.0 | 35.1 | 155 | |
| 163 | Enshi Zhongliang Royal ONE (恩施中梁國賓壹號) | 20,962 | December 2018 | October 2020 | January 2019 | — | — | 73,752 | 15,909 | 94,608 | — | — | 103.0 | 215.1 | 41.2 | 150 | |
| 164 | Xiangyang Zhongliang THE ONE (襄陽中梁壹號院) | 78,196 | April 2019 | June 2021 | June 2019 | — | — | — | — | — | — | 244,571 | 192.9 | 660.2 | 85.1 | 154 | |
| 165 | Qianchuan Zhongliang Capital Park (前山中梁首府) | 50,428 | March 2019 | January 2021 | August 2019 | — | — | 97,135 | — | 98,049 | — | 84,451 | 362.7 | 648.2 | 100.0 | 153 | |
| Hubei Sub-total | | 361,033 | — | — | — | — | — | 590,760 | 239,953 | 752,734 | 0 | 484,108 | 2,437.1 | 2,978.2 | — | — | |

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| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report | |
|--------------------------|--|-------------------------|--|--|--|---|--|--------------------------------------|-------------------------------|-------------------------------|---|--|--|--|---|---|---|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Saleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | | |
| Sichuan Province | | | | | | | | | | | | | | | | | | |
| 166 | Dazhou Zhongliang Capital Park (遂州中梁首府) | 67,531 | December 2017 | December 2019 | December 2017 | — | — | — | 219,775 | 187,866 | 299,722 | — | — | 1,103.0 | 376.3 | 56.4 | 167 | |
| 167 | Meishan Zhongliang Elegance Court (眉山中梁华府) | 40,000 | June 2018 | December 2019 | July 2018 | — | — | — | 113,303 | 29,642 | 131,953 | — | — | 246.0 | 191.6 | 51.2 | 168 | |
| 168 | Mianyang Zhongliang THE ONE (绵阳中梁壹號院) | 28,844 | May 2018 | January 2020 | July 2018 | — | — | — | 98,841 | 80,697 | 110,854 | — | — | 455.8 | 132.2 | 65.8 | 171 | |
| 169 | Nanchong Zhongliang THE ONE (南充中梁壹號院) | 25,771 | April 2018 | December 2019 | July 2018 | — | — | — | 95,893 | 67,515 | 102,506 | — | — | 396.9 | 190.3 | 65.8 | 172 | |
| 170 | Mianyang Zhongliang Glory Garden (绵阳中梁御府) | 20,006 | September 2018 | April 2020 | November 2018 | — | — | — | 49,324 | 21,581 | 52,445 | — | — | 110.2 | 88.9 | 67.0 | 170 | |
| 171 | Chengdu Zhongliang THE ONE (成都中梁一號院) | 26,667 | January 2019 | January 2021 | April 2019 | — | — | — | 52,960 | — | 57,520 | — | — | 407.3 | 212.0 | 20.0 | 166 | |
| 172 | Jiangyou Zhongliang Capital Park (江油中梁首府) | 63,171 | April 2019 | November 2021 | August 2019 | — | — | — | — | — | — | — | 246,948 | 157.8 | 624.6 | 100.0 | 169 | |
| 173 | Suining Zhongliang Capital Park (遂寧中梁首府) | 16,006 | June 2019 | January 2021 | October 2019 | — | — | — | — | — | — | 47,794 | 47,794 | 17.3 | 208.8 | 100.0 | 173 | |
| Sichuan Sub-total | | 287,996 | — | — | — | — | — | — | 630,096 | 387,301 | 755,000 | 47,794 | 294,742 | 2,894.3 | 2,024.7 | — | — | |

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| Number | Projects | Site Area (in sq.m.) | Actual/Estimated Construction Commencement Date | | Actual/Estimated Construction Completion Date | Actual/Estimated Pre-sale Commencement Date | Completed | | | | Under Development | | | | Future Development | | | | Group's Interest in the Project as of Valuation Date | Reference to Property Valuation Report |
|---|--|-------------------------|---|---|---|---|---|-------------------------|-------------------------------------|---------------------|-------------------|--------------|-----------------------------|--|--|--|--|-----|--|--|
| | | | Actual/Estimated Construction Commencement Date | Actual/Estimated Construction Completion Date | | | Actual/Estimated Pre-sale Commencement Date | Unsaleable GFA/GFA Sold | GFA Available for Sale/Leasable GFA | Total GFA Completed | Saleable GFA | Pre-sold GFA | Total GFA Under Development | GFA with Land Use Right Not Yet Obtained | Total Estimated GFA for Future Development | Development Cost Incurred as of March 31, 2019 | Estimated Future Development Cost as of March 31, 2019 | | | |
| Guangxi Zhuang Autonomous Region | | | | | | | | | | | | | | | | | | | | |
| 174 | Qinzhou Zhongliang Qinzhou Mansion (欽州中梁欽州府) | 43,551 | November 2018 | November 2020 | November 2018 | December 2018 | — | — | 170,807 | — | 181,173 | — | — | — | 291.2 | 352.1 | 34.8 | 179 | | |
| 175 | Guigang Zhongliang Glory ONE (貴港中梁國賓一號) | 21,794 | March 2018 | October 2019 | April 2018 | — | — | 83,994 | 58,549 | 85,083 | — | — | — | 227.8 | 70.5 | 46.1 | 175 | | | |
| 176 | Nanning Zhongliang Pine Mansion (南寧中梁柏仕公館) | 14,131 | October 2018 | November 2020 | December 2018 | — | — | 49,257 | 9,500 | 61,144 | — | — | — | 223.0 | 147.5 | 100.0 | 178 | | | |
| 177 | Guigang Zhongliang Capital Park (貴港中梁國賓首府) | 66,697 | January 2019 | January 2021 | January 2019 | — | — | 269,119 | 59,322 | 288,634 | — | — | — | 537.4 | 619.2 | 37.2 | 174 | | | |
| 178 | Liuzhou Zhongliang Joy Capital Park (柳州中梁百悅首府) | 21,500 | February 2019 | June 2020 | March 2019 | — | — | 43,734 | 21,820 | 45,037 | — | — | 24,863 | 289.6 | 341.2 | 100.0 | 176 | | | |
| 179 | Nanning Zhongliang Glory Elegance Court (南寧中梁國賓熙岸) | 25,091 | May 2019 | May 2021 | September 2019 | — | — | — | — | — | — | 93,128 | 93,128 | 225.3 | 295.7 | 100.0 | 177 | | | |
| Guangxi Sub-total | | 192,764 | — | — | — | — | — | 616,911 | 149,191 | 661,071 | 93,128 | 117,991 | 1,794.3 | 1,826.2 | — | — | — | | | |
| Shaanxi Province | | | | | | | | | | | | | | | | | | | | |
| 180 | Tongchuan Zhongliang THE ONE (銅川中梁壹號院) | 74,930 | October 2018 | May 2020 | November 2018 | — | — | 160,221 | 17,380 | 205,650 | — | — | 397.5 | 487.0 | 65.8 | 182 | | | | |

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| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report |
|---|---|-------------------------|--|--|--|---|--|--------------------------------------|--------------------------------|-------------------------------|--|--|--|--|---------|---|---|---|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | | |
| 181 | Yulin Taifaxiang Zhongliang Capital Park (Phase I) (榆林 秦發祥中梁首府(一 期)) | 47,383 | December 2018 | November 2020 | June 2019 | — | — | — | 124,648 | — | 141,198 | — | — | 435.2 | 341.1 | 97.4 | 184 | |
| 182 | Ankang Zhongliang Royal Villa Garden (安康中梁御墅花園) | 39,716 | August 2018 | August 2020 | October 2018 | — | — | — | 82,897 | 41,190 | 108,876 | — | — | 302.9 | 239.9 | 94.0 | 181 | |
| 183 | Yulin Taifaxiang Zhongliang Capital Park (Phase II) (榆林 秦發祥中梁首府(二 期)) | 22,691 | January 2019 | March 2021 | December 2019 | — | — | — | 51,360 | — | 67,684 | — | — | 202.7 | 171.2 | 67.6 | 185 | |
| 184 | Xi'an Zhongliang THE ONE (西安中梁 壹號院) | 102,330 | July 2019 | July 2021 | November 2019 | — | — | — | — | — | — | 231,233 | 231,233 | 430.0 | 1,042.7 | 94.0 | 183 | |
| Shaanxi Sub-total | | 287,050 | — | — | — | — | — | — | 419,126 | 58,570 | 523,408 | 231,233 | 231,233 | 1,768.3 | 2,281.9 | — | — | |
| Inner Mongolia Autonomous Region | | | | | | | | | | | | | | | | | | |
| 185 | Baotou Zhongliang Capital ONE (包頭中 梁首府壹號院) | 107,325 | August 2018 | October 2020 | September 2018 | — | — | — | 263,831 | 125,955 | 286,313 | — | 44,256 | 728.1 | 762.1 | 33.3 | 189 | |
| 186 | Hohhot Zhongliang Capital Park (呼和浩特 市中梁首府) | 42,319 | September 2018 | October 2020 | December 2018 | — | — | — | 83,609 | 37,929 | 110,830 | — | — | 397.0 | 280.0 | 70.3 | 191 | |
| 187 | Chifeng Zhongliang THE ONE (赤峰中梁 首府壹號) | 56,303 | April 2019 | October 2021 | August 2019 | — | — | — | — | — | — | — | 222,446 | 301.1 | 495.3 | 100.0 | 190 | |
| Inner Mongolia Sub-total | | 205,947 | — | — | — | — | — | — | 347,440 | 163,884 | 397,143 | — | 266,702 | 1,426.2 | 1,537.4 | — | — | |

BUSINESS

| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report | |
|--|---|-------------------------|--|--|--|---|--|--------------------------------------|-------------------------------|-------------------------------|--|--|--|--|---|---|---|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Saleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | | |
| Shanxi Province | | | | | | | | | | | | | | | | | | |
| 188 | Linfen Zhongliang Capital Park (臨汾中 梁首府) | 51,363 | October 2018 | March 2021 | December 2018 | — | — | 137,814 | 45,537 | 181,995 | — | — | 209.9 | 413.5 | 65.8 | 186 | | |
| Ningxia Hui Autonomous Region | | | | | | | | | | | | | | | | | | |
| 189 | Yinchuan Zhongliang Glory Garden (銀川中梁御 府) | 75,161 | March 2018 | June 2020 | June 2018 | — | — | 153,919 | 80,143 | 166,732 | — | — | 504.1 | 217.3 | 100.0 | 193 | | |
| Chongqing | | | | | | | | | | | | | | | | | | |
| 190 | Chongqing Zhongliang Joy Plaza (重慶中梁百悅 匯) | 20,849 | July 2018 | May 2020 | November 2018 | — | — | 110,689 | 18,334 | 113,761 | — | — | 442.8 | 219.0 | 56.0 | 192 | | |
| Gansu Province | | | | | | | | | | | | | | | | | | |
| 191 | Pingliang Zhongliang Capital Park (平涼中梁首府) | 20,652 | August 2018 | June 2020 | September 2018 | — | — | 55,460 | 17,162 | 73,850 | — | — | 206.8 | 154.5 | 65.8 | 187 | | |
| 192 | Qinan Zhongliang THE ONE (秦安中梁 壹號院) | 31,064 | January 2019 | January 2021 | March 2019 | — | — | 109,578 | — | 123,688 | — | — | 232.4 | 296.2 | 100.0 | 188 | | |
| Guizhou Province | | | | | | | | | | | | | | | | | | |
| 193 | Bijie Zhongliang Royal Park (畢節中 梁國賓府) | 23,089 | February 2019 | April 2020 | March 2019 | — | — | 46,059 | — | 61,473 | — | — | 97.3 | 150.5 | 100.0 | 180 | | |
| Midwest China Economic Region Sub-total | | | | | | | | | | | | | | | | | | |
| | | 3,364,547 | — | — | — | — | — | 7,203,148 | 2,638,675 | 8,666,838 | 733,239 | 2,446,597 | 27,917.4 | 24,428.4 | — | — | | |

BUSINESS

| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report | |
|-------------------------------|--|-------------------------|--|--|--|---|--|--------------------------------------|--------------------------------|-------------------------------|--|--|--|--|---|---|---|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | | |
| Pan-Bohai Economic Rim | | | | | | | | | | | | | | | | | | |
| <i>Shandong Province</i> | | | | | | | | | | | | | | | | | | |
| 194 | Laiwu Zhongliang Luzhong Capital Park (萊蕪中梁魯中首府) | 91,693 | October 2018 | January 2021 | December 2018 | — | — | — | 280,476 | 41,925 | 337,861 | — | — | 916.5 | 850.6 | 22.6 | 197 | |
| 195 | Yantai Zhongliang Seaside Mansion (煙台中梁海志府) | 60,666 | March 2018 | November 2019 | April 2018 | — | — | — | 155,041 | 142,843 | 204,730 | — | — | 415.5 | 260.8 | 45.7 | 205 | |
| 196 | Linyi Zhongliang THE ONE (臨沂中梁壹號院) | 63,866 | March 2018 | December 2019 | June 2018 | — | — | — | 117,340 | 75,570 | 145,685 | — | — | 643.8 | 254.9 | 30.0 | 199 | |
| 197 | Zaozhuang Zhongliang Capital Park (濰莊中梁首府) | 71,364 | November 2018 | September 2020 | December 2018 | — | — | — | 125,621 | 36,337 | 169,012 | — | — | 385.1 | 320.9 | 56.4 | 206 | |
| 198 | Liaocheng Zhongliang Royal Park (聊城中梁國賓府) | 49,941 | December 2018 | May 2020 | December 2018 | — | — | — | 78,833 | 1,566 | 108,214 | — | — | 448.9 | 305.7 | 70.0 | 198 | |
| 199 | Dezhou Zhongliang Jinling Mansion (德州中梁金麟府) | 34,697 | July 2018 | October 2020 | September 2018 | — | — | — | 78,499 | 33,429 | 101,143 | — | — | 420.3 | 188.0 | 65.8 | 195 | |
| 200 | Binzhou Zhongliang Top Town (濱州中梁九號院) | 43,333 | August 2018 | May 2020 | August 2018 | — | — | — | 73,368 | 66,733 | 83,188 | — | — | 311.3 | 120.8 | 31.5 | 194 | |
| 201 | Zibo Zhongliang THE ONE (淄博中梁壹號院) | 53,815 | September 2018 | December 2020 | December 2018 | — | — | — | 63,541 | 5,871 | 78,476 | — | — | 295.4 | 150.9 | 85.0 | 208 | |

BUSINESS

| Number | Projects | Site Area (in sq.m.) | Actual/Estimated Construction Commencement Date | Actual/Estimated Construction Completion Date | Actual/Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report | |
|---------------------------|--|----------------------|---|---|---|------------------------------------|--|--------------------------------|-------------------------|-------------------------|--|---|---|--|--|--|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Saleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) |
| 202 | Taian Zhongliang Shanti Mansion (泰安中藥香緞公館) | 17,781 | March 2018 | December 2019 | April 2018 | — | — | — | 31,218 | 30,183 | 45,728 | — | — | 160.3 | 24.7 | 43.1 | 201 |
| 203 | Zibo Zhongliang Capital Garden (淄博中藥首府花園) | 22,569 | December 2017 | June 2019 | April 2018 | — | — | — | 26,650 | 26,198 | 34,291 | — | — | 186.9 | 44.3 | 54.5 | 207 |
| 204 | Jining Zhongliang THE ONE (濟寧中藥壹號院) | 49,622 | January 2019 | May 2021 | March 2019 | — | — | — | 94,649 | — | 127,862 | — | — | 172.7 | 339.8 | 94.0 | 196 |
| 205 | Zhongliang Guoxin Haiyue Park (中藥國信海岳府) | 39,944 | June 2019 | September 2021 | July 2019 | — | — | — | — | — | — | — | 110,244 | 166.8 | 378.1 | 51.0 | 202 |
| 206 | Laiyang Long Park (萊陽龍府) | 35,149 | January 2019 | January 2021 | January 2019 | — | — | — | 76,758 | 7,287 | 98,528 | — | — | 132.2 | 199.1 | 45.5 | 204 |
| 207 | Laixi Zhongliang Capital Park (萊西中藥首府) | 35,097 | June 2019 | March 2021 | October 2019 | — | — | — | — | — | — | 125,439 | 125,439 | 93.7 | 462.6 | 80.0 | 200 |
| 208 | Qingzhou Zhongliang Capital Park (青州中藥首府) | 25,651 | May 2019 | March 2021 | August 2019 | — | — | — | — | — | — | — | 67,855 | 45.1 | 186.2 | 100.0 | 203 |
| 209 | Zichuan Zhongliang Capital One (淄川中藥首府壹號) | 59,014 | November 2018 | November 2020 | December 2018 | — | — | — | 110,731 | 71,280 | 139,917 | — | — | 229.8 | 309.7 | 31.7 | 209 |
| Shandong Sub-total | | 754,202 | — | — | — | — | — | — | 1,312,725 | 539,222 | 1,674,635 | 125,439 | 303,538 | 5,024.3 | 4,397.1 | — | — |
| Hebei Province | | | | | | | | | | | | | | | | | |
| 210 | Cangzhou No. 1309002019B00627 (滄州市 1309002019B00627) | 69,928 | August 2019 | August 2022 | October 2019 | — | — | — | — | — | — | 203,841 | 203,841 | 613.6 | 707.0 | 100.0 | 210 |

BUSINESS

| Number | Projects | Site Area (in sq.m.) | Actual/Estimated Construction Commencement Date | | Actual/Estimated Construction Completion Date | Actual/Estimated Pre-sale Commencement Date | Completed | | | | Under Development | | | | Future Development | | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report |
|---|--|-------------------------|---|---|---|---|---|---------------------------------------|---|-----------------------------------|-----------------------------|----------------------------|---|--|--|---|------|-----|---|---|--|
| | | | Actual/Estimated Construction Commencement Date | Actual/Estimated Construction Completion Date | | | Actual/Estimated Pre-sale Commencement Date | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | | | |
| 211 | Zhongliang Yanshan THE ONE (中梁燕山壹號院) | 69,527 | November 2018 | December 2020 | February 2019 | — | — | — | 133,919 | — | 173,306 | — | — | — | 447.8 | 484.2 | 64.8 | 211 | | | |
| Tianjin | | | | | | | | | | | | | | | | | | | | | |
| 212 | Tianjin Zhongliang Jimmen Capital Park Phase I (天津中梁津門首府一期) | 62,087 | August 2019 | August 2021 | October 2019 | — | — | — | — | — | — | — | 140,268 | 9.7 | 865.7 | 100.0 | 212 | | | | |
| 213 | Tianjin Zhongliang Jimmen Capital Park Phase II (天津中梁津門首府二期) | 54,988 | August 2019 | January 2021 | October 2019 | — | — | — | — | — | — | 120,530 | 8.3 | 771.7 | 100.0 | 213 | | | | | |
| Liaoning Province | | | | | | | | | | | | | | | | | | | | | |
| 214 | Shenyang Zhongliang Capital Park (沈陽中梁首府) | 17,454 | March 2019 | August 2021 | June 2019 | — | — | 29,259 | — | 38,443 | — | — | 152.3 | 146.2 | 80.0 | 215 | | | | | |
| 215 | Daliang Guanlan Zhongliang THE ONE (大連中梁觀瀾壹號院) | 67,287 | June 2019 | November 2021 | September 2019 | — | — | — | — | — | — | 123,148 | 236.8 | 481.1 | 100.0 | 214 | | | | | |
| Pan-Bohai Economic Rim Sub-total | | 1,095,473 | — | — | — | — | — | 1,475,903 | 539,222 | 1,886,384 | 590,078 | 891,325 | 6,492.8 | 7,853 | — | — | | | | | |
| Western Taiwan Straits Economic Zone | | | | | | | | | | | | | | | | | | | | | |
| Jiangxi Province | | | | | | | | | | | | | | | | | | | | | |
| 216 | Jiujiang Zhongliang Capital Park (九江中梁首府) | 78,179 | September 2017 | June 2019 | September 2017 | — | — | — | 193,919 | 188,825 | 248,114 | — | — | 1,246.1 | 6.4 | 52.3 | 232 | | | | |

BUSINESS

| Number | Projects | Site Area (in sq.m.) | Actual/Estimated Construction Commencement Date | Actual/Estimated Construction Completion Date | Actual/Estimated Pre-sale Commencement Date | Completed | | | | Under Development | | | | Future Development | | | | Group's Interest in the Project as of Valuation Date | Reference to Property Valuation Report |
|--------|--|----------------------|---|---|---|------------------------------------|--|--------------------------------|--------------------------|-------------------------|--|---|---|--|--|------|-----|--|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | | | | |
| 217 | Shangrao Zhongliang Skyreach Capital Park (上饒中梁翼天首府) | 63,064 | January 2018 | April 2020 | February 2018 | — | — | — | 188,208 | 117,173 | 242,586 | — | — | 310.8 | 400.1 | 29.0 | 249 | | |
| 218 | Jingdezhen Zhongliang Capital Park (景德鎮中梁首府) | 76,731 | December 2017 | May 2019 | December 2017 | — | — | — | 167,372 | 166,134 | 217,922 | — | — | 899.1 | 123.4 | 91.0 | 231 | | |
| 219 | Taihe Zhongliang Capital Park (泰和中梁首府) | 66,670 | September 2017 | April 2019 | October 2017 | — | — | — | 145,359 | 141,962 | 179,911 | — | — | 443.7 | 223.8 | 39.4 | 248 | | |
| 220 | Ruijin Zhongliang Fortune Garden (瑞金中梁瑞園) | 51,997 | September 2017 | August 2019 | November 2017 | — | — | — | 154,028 | 126,468 | 169,192 | — | — | 565.2 | 150.3 | 61.8 | 222 | | |
| 221 | Ganzhou Zhongliang Dragon Mansion (贛州中梁龍府) | 55,163 | September 2017 | April 2020 | November 2017 | — | — | — | 142,251 | 114,728 | 155,515 | — | — | 738.7 | 72.5 | 61.0 | 216 | | |
| 222 | Aniu Zhongliang Capital Park (安福中梁首府) | 50,709 | December 2017 | October 2019 | March 2018 | — | — | — | 118,512 | 106,061 | 151,373 | — | — | 454.9 | 232.3 | 53.6 | 230 | | |
| 223 | Yudu Zhongliang Gongliang THE ONE (于都中梁貢江壹號院) | 51,191 | November 2017 | October 2019 | January 2018 | — | — | — | 111,929 | 108,971 | 146,040 | — | — | 626.5 | 129.8 | 46.9 | 226 | | |
| 224 | Ganzhou Zhongliang Nanshan Garden (贛州中梁南山院) | 43,569 | July 2017 | December 2019 | September 2017 | — | — | — | 106,134 | 92,296 | 133,009 | — | — | 832.6 | 107.1 | 58.3 | 219 | | |

BUSINESS

| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report |
|--------|---|-------------------------|--|--|--|---|--|--------------------------------------|-------------------------------|-------------------------------|---|--|--|--|---|---|---|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Saleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | |
| 225 | Fuzhou Zhongliang Capital Park (撫州中梁首府) | 43,109 | November 2017 | June 2019 | November 2017 | — | — | — | 93,991 | 93,273 | 120,034 | — | — | 596.8 | 83.5 | 51.7 | 247 |
| 226 | Guangfeng Huaxi Zhongliang Royal Park (廣豐華西中梁國賓府) | 35,270 | July 2018 | June 2020 | September 2018 | — | — | — | 94,522 | 38,463 | 119,957 | — | — | 254.9 | 189.7 | 59.2 | 235 |
| 227 | Zhongliang Ningdu THE ONE (D4, D5) (中梁寧都壹號院) | 45,203 | August 2018 | March 2020 | August 2018 | — | — | — | 96,046 | 35,469 | 119,789 | — | — | 371.0 | 218.9 | 100.0 | 229 |
| 228 | Yushan Huayun Zhongliang Capital Park (玉山華雲中梁首府) | 32,415 | November 2018 | November 2020 | December 2018 | — | — | — | 89,925 | 23,957 | 113,813 | — | — | 239.1 | 188.1 | 26.1 | 239 |
| 229 | Yongxiu Zhongliang Capital Park (永修中梁首府) | 39,999 | February 2018 | August 2019 | April 2018 | — | — | — | 79,099 | 59,862 | 104,408 | — | — | 433.7 | 93.6 | 65.8 | 233 |
| 230 | Huichang Zhongliang THE ONE (會昌中梁壹號院) | 44,908 | November 2018 | September 2020 | December 2018 | — | — | — | 89,014 | 9,564 | 100,036 | — | — | 268.8 | 196.0 | 100.0 | 220 |
| 231 | Guangfeng Zhongliang Royal ONE (廣豐中梁國賓壹號) | 35,336 | July 2018 | March 2020 | July 2018 | — | — | — | 73,509 | 51,836 | 91,826 | — | — | 294.0 | 135.0 | 38.5 | 238 |
| 232 | Ningdu Zhongliang Jiangdu Mansion (寧都中梁江都府) | 45,612 | December 2017 | October 2019 | January 2018 | — | — | — | 76,313 | 49,104 | 88,018 | — | — | 304.7 | 84.6 | 55.8 | 221 |

BUSINESS

| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | | Under Development | | | | Future Development | | | | Group's Interest in the Project as of Valuation Date | Reference to Property Valuation Report |
|--------|--|-------------------------|--|--|--|-------------------------------|--|------------------------|-----------------|-------------------|-----------------------------------|--|--|--|---|------------|------------|--|---|
| | | | | | | Unsaleable GFA/GFA Sold | GFA Available for Sale/ Leasable GFA | Total GFA Completed | Saleable GFA | Pre-sold GFA | Total GFA Under Development | GFA with Land Use Right Not Yet Obtained | Total Estimated GFA for Future Development | Development Cost Incurred as of March 31, 2019 | Estimated Future Development Cost as of March 31, 2019 | (in sq.m.) | (in sq.m.) | | |
| 233 | Ganzhou Zhongliang Nanan Mansion (赣州中梁南安府) | 25,238 | April 2017 | May 2019 | June 2017 | — | — | — | 62,730 | 61,028 | 82,496 | — | — | — | 465.3 | 26.6 | 58.3 | 218 | |
| 234 | Ganzhou Zhongliang Jiangdu Mansion (赣州中梁江都府) | 29,673 | March 2017 | March 2019 | April 2017 | 17,437 | 64,851 | 82,288 | — | — | — | — | — | — | 600.1 | — | 65.8 | 217 | |
| 235 | Ruijin Zhongliang Fortune Garden (瑞金中梁瑞府) | 34,569 | August 2018 | June 2020 | September 2018 | — | — | — | 71,585 | 19,749 | 80,763 | — | — | — | 321.2 | 122.1 | 100.0 | 223 | |
| 236 | Xingsuo Zhongliang Royal Park (兴国中梁国宾府) | 20,440 | May 2018 | May 2020 | June 2018 | — | — | — | 55,584 | 38,137 | 62,621 | — | — | — | 213.9 | 97.5 | 100.0 | 225 | |
| 237 | Guangfeng Zhongliang Glory Elegance Court (廣豐中梁國賓熙岸) | 19,133 | September 2018 | August 2020 | September 2018 | — | — | — | 47,422 | 18,118 | 60,517 | — | — | — | 183.5 | 108.3 | 94.0 | 236 | |
| 238 | Guangfeng Zhongliang Golden Royal Mansion (廣豐中梁國賓金座) | 17,838 | November 2018 | October 2020 | December 2018 | — | — | — | 44,186 | 5,464 | 56,729 | — | — | — | 114.8 | 88.3 | 100.0 | 238 | |
| 239 | Xingguo Zhongliang Golden Center (興國中梁金座) | 10,522 | December 2017 | September 2019 | December 2017 | — | — | — | 29,086 | 28,106 | 37,913 | — | — | — | 126.6 | 56.9 | 47.0 | 224 | |
| 240 | Zhongliang Ningdu THE ONE (D3) (中梁寧都壹號院 (D3)) | 18,747 | July 2018 | December 2019 | July 2018 | — | — | — | 35,912 | 21,455 | 37,870 | — | — | — | 120.3 | 62.9 | 100.0 | 228 | |

BUSINESS

| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report | |
|--------------------------|---|-------------------------|--|--|--|---|--|--------------------------------------|--------------------------------|-------------------------------|---|--|--|--|---|---|---|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | | |
| 241 | Zhongliang Ningdu THE ONE (D2) (中 梁寧都壹號院 (D2)) | 9,857 | November 2018 | December 2020 | January 2019 | — | — | — | 15,738 | 1,738 | 18,825 | — | — | 57.7 | 35.2 | 100.0 | 227 | |
| 242 | Anyi Zhongliang Capital Park (安義中 梁首府) | 51,893 | July 2019 | March 2021 | September 2019 | — | — | — | — | — | — | — | 133,536 | 312.0 | 347.8 | 100.0 | — | |
| <i>Jiangxi Sub-total</i> | | 1,097,035 | — | — | — | 17,437 | 64,851 | 82,288 | 2,382,374 | 1,717,941 | 2,939,277 | — | 133,536 | 11,396 | 3,580.7 | — | — | |
| <i>Fujian Province</i> | | | | | | | | | | | | | | | | | | |
| 243 | Fuding Zhongliang Joy Plaza (福鼎中梁 百悅城) | 868,000 | April 2018 | August 2022 | June 2018 | 11,715 | 24,438 | 36,153 | 267,947 | 89,406 | 309,671 | — | 2,63,590 | 984.6 | 1,635.8 | 80.0 | 242 | |
| 244 | Xiapu Zhongliang THE ONE (霞浦中梁 壹號院) | 66,875 | September 2017 | June 2020 | November 2017 | — | — | — | 152,295 | 90,695 | 200,887 | — | — | 842.6 | 331.8 | 56.4 | 243 | |
| 245 | Sanming Zhongliang THE ONE (三明中梁 壹號院) | 35,369 | June 2017 | January 2019 | July 2017 | 42,661 | 78,682 | 121,343 | — | — | — | — | — | 470.7 | 9.7 | 53.3 | 244 | |
| 246 | Zhangzhou Longhai Zhongliang Top Town (漳州龍海中梁 玖號院) | 36,999 | October 2018 | September 2020 | December 2018 | — | — | — | 107,048 | 10,168 | 117,360 | — | — | 991.6 | 292.5 | 70.0 | 245 | |
| 247 | Zhangzhou Yunxiao Zhongliang Capital Park (漳州雲霄中 梁●首府) | 26,607 | June 2018 | December 2019 | August 2018 | — | — | — | 75,418 | 52,433 | 90,619 | — | — | 427.0 | 77.7 | 65.8 | 246 | |

BUSINESS

| Number | Projects | Site Area (in sq.m.) | Actual/ Estimated Construction Commencement Date | Actual/ Estimated Construction Completion Date | Actual/ Estimated Pre-sale Commencement Date | Completed | | | | Under Development | | | | Future Development | | | | Group's Interest in the Project as of Valuation Date | Reference to Property Valuation Report |
|--------|--|-------------------------|--|--|--|---|--|--------------------------------------|--------------------------------|-------------------------------|---|--|--|--|---|-------|-----|--|---|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/ Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Scaleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Not Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | | | | |
| 248 | Wuping Zhongliang Capital Park Phase C (武平中梁首府C區) | 33,141 | September 2018 | August 2019 | November 2018 | — | — | — | 39,176 | 5,626 | 47,190 | — | — | 191.5 | 75.3 | 100.0 | 241 | | |
| 249 | Wuping Zhongliang Capital Park Phase A (武平中梁首 府A區) | 9,700 | September 2018 | January 2020 | November 2018 | — | — | — | 20,747 | 11,488 | 28,438 | — | — | 118.6 | 34.4 | 100.0 | 240 | | |
| | Fujian Sub-total | 1,076,691 | — | — | — | 54,376 | 103,120 | 157,496 | 662,631 | 259,816 | 794,165 | — | 263,590 | 4,026.6 | 2,457.2 | — | — | | |
| | Western Taiwan Straits Economic Zone Sub-total | 2,173,726 | — | — | — | 71,813 | 167,971 | 239,784 | 3,045,005 | 1,977,757 | 373,344.2 | — | 397,126 | 15,422.6 | 6,037.9 | — | — | | |
| | Pearl River Delta Economic Zone | | | | | | | | | | | | | | | | | | |
| | Guangdong Province | | | | | | | | | | | | | | | | | | |
| 250 | Jiangmen Zhongliang Xuhui THE ONE(江門中梁 旭輝壹號院) | 60,485 | August 2018 | February 2021 | November 2018 | — | — | — | 197,869 | 4,743 | 215,579 | — | — | 1,524.3 | 326.6 | 56.4 | 254 | | |
| 251 | Zhaoqing Zhongliang Duanzhou THE ONE(肇慶中梁端州 壹號院) | 60,637 | December 2018 | November 2020 | December 2018 | — | — | — | 172,002 | — | 188,882 | — | — | 1,154.6 | 452.8 | 100.0 | 257 | | |
| 252 | Gaozhou Zhongliang Royal ONE(高州中 梁國壹號院) | 37,504 | October 2018 | October 2020 | December 2018 | — | — | — | 159,271 | 9,006 | 168,927 | — | — | 617.6 | 347.7 | 100.0 | 255 | | |

BUSINESS

| Number | Projects | Site Area (in sq.m.) | Actual/Estimated Construction Commencement Date | Actual/Estimated Construction Completion Date | Actual/Estimated Pre-sale Commencement Date | Completed | | | Under Development | | | Future Development | | | Estimated Future Development Cost as of March 31, 2019 (in RMB millions) | Group's Interest in the Project as of Valuation Date (%) | Reference to Property Valuation Report |
|--|--|----------------------|---|---|---|------------------------------------|--|--------------------------------|-------------------------|-------------------------|--|---|---|--|--|--|--|
| | | | | | | Unsaleable GFA/GFA Sold (in sq.m.) | GFA Available for Sale/Leasable GFA (in sq.m.) | Total GFA Completed (in sq.m.) | Saleable GFA (in sq.m.) | Pre-sold GFA (in sq.m.) | Total GFA Under Development (in sq.m.) | GFA with Land Use Right Yet Obtained (in sq.m.) | Total Estimated GFA for Future Development (in sq.m.) | Development Cost Incurred as of March 31, 2019 (in RMB millions) | | | |
| 253 | Chaoran Zhongliang THE ONE (潮安中梁壹號院) | 29,344 | December 2018 | April 2021 | December 2018 | — | — | — | 144,254 | 11,289 | 146,096 | — | — | 203.7 | 317.6 | 36.6 | 250 |
| 254 | Gaoming Zhongliang Capital Park (高明中梁首府) | 42,160 | August 2018 | February 2020 | December 2018 | — | — | — | 103,456 | 1,809 | 114,470 | — | — | 450.7 | 265.0 | 94.0 | 252 |
| 255 | Wengyuan Zhongliang Royal ONE (翁源中梁國賓壹號) | 36,620 | July 2018 | December 2020 | August 2018 | — | — | — | 80,013 | 33,786 | 97,083 | — | — | 306.1 | 175.7 | 62.0 | 256 |
| 256 | Heyuan Zhongliang Capital Park (河源中梁首府) | 25,301 | November 2018 | August 2020 | April 2019 | — | — | — | 88,478 | — | 94,480 | — | — | 143.3 | 267.7 | 100.0 | 253 |
| 257 | Fengxi Zhongliang Capital Park (楓溪中梁首府) | 10,183 | January 2019 | July 2020 | April 2019 | — | — | — | 49,243 | — | 52,006 | — | — | 102.4 | 129.7 | 36.6 | 251 |
| Guangdong Sub-total | | 302,234 | — | — | — | — | — | — | 994,586 | 60,633 | 1,077,523 | — | — | 4,502.7 | 2,262.8 | — | — |
| Pearl River Delta Economic Zone Sub-total | | 302,234 | — | — | — | — | — | — | 994,586 | 60,633 | 1,077,523 | — | — | 4,502.7 | 2,262.8 | — | — |
| Total | | 13,355,640 | — | — | — | 1,282,523 | 1,170,628 | 2,453,151 | 22,277,353 | 12,193,240 | 27,550,786 | 1,524,411 | 5,297,900 | 135,589.6 | 65,235.2 | — | — |

Note:

(1) A completed project with all saleable GFA sold and delivered prior to December 31, 2018. The GFA related information herein refers to properties in the project which we hold for investment purpose. Other information applies to the entire project.

BUSINESS

Description of certain of our current material projects in terms of the revenue contribution in the Track Record Period as well as the estimated revenue contribution for the year ending December 31, 2019 is set out below.

Zhuji Zhongliang THE ONE (諸暨中梁壹號院)

| | |
|--|--|
| Location: | Shaoxing, Zhejiang Province |
| Scale: | Total site area of 108,269 sq.m. with a planned aggregate GFA of 205,567 sq.m. |
| Property type: | Residential project comprised of duplex villas and garden houses |
| Project company: | Zhuji Zhongliang Property Co., Ltd. (諸暨市中梁置業有限公司) |
| Land premium or acquisition cost: | RMB518.0 million |

As of March 31, 2019, the project was completed with a total of 177,181 sq.m. sold and delivered.

Wenzhou Longwan Dragon Grand Court (溫州龍灣首府)



| | |
|--|--|
| Location: | Wenzhou, Zhejiang Province |
| Scale: | Total site area of 134,685 sq.m. with an aggregate GFA of 32,309 sq.m. |
| Project company: | Wenzhou Liang'an Property Co., Ltd. (溫州市梁安置業有限公司) |
| Land premium or acquisition cost: | RMB1,429.5 million |

BUSINESS

As of March 31, 2019, the project was completed and we held retail spaces of 32,309 sq.m. of this project for investment purpose.

Pingyang Zhongliang Glory Mansion (平陽中梁國賓天下)

| | |
|--|---|
| Location: | Wenzhou, Zhejiang Province |
| Scale: | Total site area of 95,675 sq.m. with an aggregate GFA of 12,044 sq.m. |
| Project company: | Pingyang Zhongliangfu Property Co., Ltd. (平陽縣中梁府置業有限公司) |
| Land premium or acquisition cost: | RMB420.0 million |

As of March 31, 2019, the project was completed and we held retail spaces of 12,044 sq.m. of this project for investment purpose.

Jiaxing Zhongliang Xiuhu THE ONE (嘉興中梁秀湖壹號院)



| | |
|--|--|
| Location: | Jiaxing, Zhejiang Province |
| Scale: | Total site area of 168,777 sq.m. with a planned aggregate GFA of 352,139 sq.m. |
| Property type: | Residential project comprised of high-rise buildings and townhouses |
| Project company: | Jiaxing Liangying Property Co., Ltd. (嘉興市梁楹置業有限公司) |
| Land premium or acquisition cost: | RMB1,596.6 million |

BUSINESS

Details of this project as of March 31, 2019 were as follows:

| Residential | Commercial | GFA | | | Total |
|-------------|------------|--------------------------------|---------|---------|-------|
| | | Ancillary Areas ⁽¹⁾ | Carpark | | |
| (in sq.m.) | | | | | |
| 257,882 | 37 | 36,121 | 58,099 | 352,139 | |

Note:

(1) Including civil defense areas of 24,143 sq.m.

Pinghu Zhongliang Donghu THE ONE (平湖中梁東湖壹號院)



| | |
|--|--|
| Location: | Jiaxing, Zhejiang Province |
| Scale: | Total site area of 109,466 sq.m. with a planned aggregate GFA of 305,493 sq.m. |
| Property type: | Residential project comprised of high-rise buildings and townhouses |
| Project company: | Pinghu Zhongliangrui Property Co., Ltd. (平湖市中梁瑞置業有限公司) |
| Land premium or acquisition cost: | RMB900.0 million |

BUSINESS

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 222,896 | — | 37,486 | 45,111 | 305,493 |

Note:

(1) Including 3,200 sq.m. for a kindergarten and civil defense areas of 30,504 sq.m.

Qingtian Zhongliang Joy Plaza (青田中梁百悦城)

| | |
|--|---|
| Location: | Lishui, Zhejiang Province |
| Scale: | Total site area of 24,397 sq.m. with a planned aggregate GFA of 219,166 sq.m. |
| Property type: | Residential project comprised of high-rise buildings and a hotel |
| Project company: | Qingtian Jinliang Property Co., Ltd. (青田金梁置業有限公司) |
| Land premium or acquisition cost: | RMB606.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | | |
|-------------|------------|--------|-----------------------------------|---------|---------|
| Residential | Commercial | Hotel | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | | |
| 59,572 | 12,122 | 47,756 | 99,716 | — | 219,166 |

Note:

(1) Including 59,658 sq.m. to be repurchased by a designated local state-owned entity upon completion at a fixed price as agreed under the land grant contract and civil defense areas of 39,166 sq.m.. We are not responsible for any relocation and resettlement operations in connection with this project.

We intend to hold a portion of serviced apartments and retail spaces with a planned GFA of 4,527 sq.m. for investment purpose.

BUSINESS

Ningbo Zhongliang THE ONE (寧波中梁壹號院)



| | |
|--|---|
| Location: | Ningbo, Zhejiang Province |
| Scale: | Total site area of 65,418 sq.m. with a planned aggregate GFA of 192,699 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Ningbo Zhonglianghong Property Co., Ltd. (寧波市中梁宏置業有限公司) |
| Land premium or acquisition cost: | RMB956.2 million |

Details of this project as of March 31, 2019 were as follows:

| | | GFA | | | |
|-------------|------------|-----------------|---------|---------|--|
| Residential | Commercial | Ancillary Areas | Carpark | Total | |
| (in sq.m.) | | | | | |
| 153,953 | 962 | 5,055 | 32,729 | 192,699 | |

As of March 31, 2019, the project was completed with a total of 144,916 sq.m. sold and delivered.

Kaihua Zhongliang Bund THE ONE (開化中梁外灘壹號院)

| | |
|--|--|
| Location: | Quzhou, Zhejiang Province |
| Scale: | Total site area of 65,030 sq.m. with an aggregate GFA of 180,184 sq.m. |
| Property type: | Residential project comprised of low-rise buildings and townhouses |
| Project company: | Kaihua Zhongliangtai Property Co., Ltd. (開化縣中梁泰置業有限公司) |
| Land premium or acquisition cost: | RMB535.0 million |

BUSINESS

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 128,292 | 1,969 | 49,923 | — | 180,184 |

Note:

(1) Including civil defense areas of 46,607 sq.m.

As of March 31, 2019, the project was completed with a total of 90,032 sq.m. sold and delivered.

Zhoushan Zhongliang Capital Park (舟山中梁首府)

| | |
|--|---|
| Location: | Zhoushan, Zhejiang Province |
| Scale: | Total site area of 84,278 sq.m. with a planned aggregate GFA of 140,224 sq.m. |
| Property type: | Residential project comprised of low-rise buildings and townhouses |
| Project company: | Zhoushan Zhonglianghong Property Co., Ltd. (舟山市中梁宏置業有限公司) |
| Land premium or acquisition cost: | RMB575.8 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 114,326 | 1,865 | 24,033 | — | 140,224 |

Note:

(1) Including civil defense areas of 23,170 sq.m.

Sanmen Zhongliang Royal Garden (三門中梁國賓天下)

| | |
|--|---|
| Location: | Taizhou, Zhejiang Province |
| Scale: | Total site area of 56,429 sq.m. with a planned aggregate GFA of 157,444 sq.m. |
| Property type: | Residential project comprised of high-rise buildings and annex retail areas |
| Project company: | Sanmen Zhongliangheng Property Co., Ltd. (三門縣中梁恒置業有限公司) |
| Land premium or acquisition cost: | RMB262.0 million |

BUSINESS

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 107,327 | 10,906 | 14,195 | 25,016 | 157,444 |

Note:

(1) Including civil defense areas of 9,801 sq.m. and 2,081 sq.m. for a kindergarten.

We intend to hold a portion of retail spaces with a planned GFA of 5,187 sq.m. for investment purpose. As of March 31, 2019, the project was complete with a total of 24,191 sq.m. sold and delivered.

Taizhou Huangyan Yongning Capital Park (台州黄岩永宁首府)

| | |
|--|---|
| Location: | Taizhou, Zhejiang Province |
| Scale: | Total site area of 52,556 sq.m. with a planned aggregate GFA of 156,038 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Taizhou Zhongliangcheng Property Co., Ltd. (台州市中梁宸置業有限公司) |
| Land premium or acquisition cost: | RMB413.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 89,618 | 3,809 | 40,199 | 22,412 | 156,038 |

Note:

(1) Including civil defense areas of 12,177 sq.m. and 26,188 sq.m. to be repurchased by a designated local rural collective economic organization upon completion at a fixed price as agreed under the land grant contract. We are not responsible for any relocation and resettlement operations in connection with this project.

Songyang Binjiang Capital Park (松陽濱江首府)

| | |
|--|---|
| Location: | Lishui, Zhejiang Province |
| Scale: | Total site area of 55,827 sq.m. with a planned aggregate GFA of 143,313 sq.m. |
| Property type: | Residential project comprised of middle- and high-rise buildings |
| Project company: | Songyang Zhongliang Huadong Property Co., Ltd. (松陽縣中梁華董置業有限公司) |
| Land premium or acquisition cost: | RMB324.0 million |

BUSINESS

Details of this project as of March 31, 2019 were as follows:

| Residential | Commercial | GFA | | |
|-------------|------------|--------------------------------|---------|---------|
| | | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 100,234 | 3,784 | 15,168 | 24,127 | 143,313 |

Note:

(1) Including civil defense areas of 8,290 sq.m.

Ningbo Zhongliang Capital Park (寧波中梁首府)



| | |
|--|---|
| Location: | Ningbo, Zhejiang Province |
| Scale: | Total site area of 51,700 sq.m. with a planned aggregate GFA of 135,035 sq.m. |
| Property type: | Residential project comprised of high-rise buildings and duplex villas |
| Project company: | Ningbo Shicheng Property Co., Ltd. (寧波石成置業有限公司) |
| Land premium or acquisition cost: | RMB512.9 million |

Details of this project as of March 31, 2019 were as follows:

| Residential | Commercial | GFA | | |
|-------------|------------|-----------------|---------|---------|
| | | Ancillary Areas | Carpark | Total |
| (in sq.m.) | | | | |
| 90,300 | 10,526 | 2,441 | 31,768 | 135,035 |

BUSINESS

Yuyao Zhongliang Top Town (余姚中梁九號院)

| | |
|--|---|
| Location: | Ningbo, Zhejiang Province |
| Scale: | Total site area of 47,160 sq.m. with a planned aggregate GFA of 124,610 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Yuyao Zhongliang Tuocheng Property Co., Ltd. (余姚市中梁拓城置業有限公司) |
| Land premium or acquisition cost: | RMB272.4 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 93,541 | — | 2,800 | 28,269 | 124,610 |

Note:

(1) Including civil defense areas of 1,508 sq.m.

Taizhou Jiaojiang Zhongliang Capital ONE (Phase I) (台州椒江中梁首府壹號一期)

| | |
|--|---|
| Location: | Taizhou, Zhejiang Province |
| Scale: | Total site area of 43,414 sq.m. with a planned aggregate GFA of 121,231 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Taizhou Zhongliangyuan Property Co., Ltd. (台州市中梁源置業有限公司) |
| Land premium or acquisition cost: | RMB635.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 85,748 | — | 13,052 | 22,431 | 121,231 |

Note:

(1) Including civil defense areas of 3,311 sq.m. and 8,617 sq.m. to be repurchased by a designated local rural villager's committee upon completion at a fixed price as agreed under the land grant contract. We are not responsible for any relocation and resettlement operations in connection with this project.

BUSINESS

As of March 31, 2019, the project was complete with a total of 25,432 sq.m. sold and delivered.

Yueqing Capital Elegance Court (樂清首府熙岸)

| | |
|--|---|
| Location: | Wenzhou, Zhejiang Province |
| Scale: | Total site area of 30,976 sq.m. with a planned aggregate GFA of 118,607 sq.m. |
| Property type: | Residential project comprised of high-rise buildings |
| Project company: | Yueqing Zhongliangcheng Property Co., Ltd. (樂清市中梁城置業有限公司) |
| Land premium or acquisition cost: | RMB355.4 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 90,653 | 1,346 | 2,548 | 24,060 | 118,607 |

Note:

(1) Including civil defense areas of 1,621 sq.m.

Linhai Joy Majestic Park (臨海悅榮府)

| | |
|--|---|
| Location: | Taizhou, Zhejiang Province |
| Scale: | Total site area of 34,773 sq.m. with a planned aggregate GFA of 100,005 sq.m. |
| Property type: | Residential project comprised of low- and middle-rise buildings |
| Project company: | Linhai Zhongliangxin Property Co., Ltd. (臨海市中梁信置業有限公司) |
| Land premium or acquisition cost: | RMB522.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 70,378 | 5,029 | 6,180 | 18,418 | 100,005 |

Note:

(1) Including civil defense areas of 3,240 sq.m.

BUSINESS

Lishui Royal Lakeside Mansion (麗水御湖東岸)

| | |
|--|--|
| Location: | Lishui, Zhejiang Province |
| Scale: | Total site area of 41,074 sq.m. with a planned aggregate GFA of 91,716 sq.m. |
| Property type: | Residential project comprised of garden houses and low-rise buildings |
| Project company: | Lishui Zhongliangrui Property Co., Ltd. (麗水市梁瑞置業有限公司) |
| Land premium or acquisition cost: | RMB434.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------------------|---------|--------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 51,285 | — | 9,672 | 30,759 | 91,716 |

Note:

- (1) Including civil defense areas of 1,535 sq.m. and 7,457 sq.m. to be returned to the local government for free upon completion for resettlement houses as agreed under the land grant contract. We are not responsible for any relocation and resettlement operations in connection with this project.

Cangnan Zhongliang Capital Park (蒼南中梁首府)

| | |
|--|--|
| Location: | Wenzhou, Zhejiang Province |
| Scale: | Total site area of 19,984 sq.m. with a planned aggregate GFA of 63,343 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Cangnan Zhongliangyue Property Co., Ltd. (蒼南縣中梁悅置業有限公司) |
| Land premium or acquisition cost: | RMB308.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------------------|---------|--------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 47,640 | 1,512 | 5,105 | 9,086 | 63,343 |

Note:

- (1) Including civil defense areas of 5,105 sq.m.

BUSINESS

Taizhou Jiaojiang Capital Park (台州椒江公園首府)

| | |
|--|--|
| Location: | Taizhou, Zhejiang Province |
| Scale: | Total site area of 19,155 sq.m. with a planned aggregate GFA of 62,567 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Taizhou Zhonglianghao Property Co., Ltd. (台州市中梁皓置業有限公司) |
| Land premium or acquisition cost: | RMB285.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------------------|---------|--------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 45,435 | — | 8,067 | 9,065 | 62,567 |

Note:

- (1) Including civil defense areas of 5,619 sq.m. and 1,771 sq.m. for to be repurchased by an entity designated by the local government at cost price upon completion for resettlement houses as agreed under the land grant contract. We are not responsible for any relocation and resettlement operations in connection with this project.

Taizhou Jiaojiang Zhongliang Capital ONE (台州椒江中梁首府壹號院)

| | |
|--|--|
| Location: | Taizhou, Zhejiang Province |
| Scale: | Total site area of 23,490 sq.m. with a planned aggregate GFA of 55,961 sq.m. |
| Property type: | Residential project comprised of garden houses, and middle-rise buildings |
| Project company: | Taizhou Zhongliangqing Property Co., Ltd. (台州市中梁慶置業有限公司) |
| Land premium or acquisition cost: | RMB172.3 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------------------|---------|--------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 37,395 | 4,300 | 4,577 | 9,689 | 55,961 |

Note:

- (1) Including civil defense areas of 3,991 sq.m.

BUSINESS

Zhangjiagang Zhongliang THE ONE (張家港中梁壹號院)



| | |
|--|---|
| Location: | Suzhou, Jiangsu Province |
| Scale: | Total site area of 94,177 sq.m. with a planned aggregate GFA of 214,763 sq.m. |
| Property type: | Residential project comprised of duplex villas and high-rise buildings |
| Project company: | Zhangjiagang Zhongliangxuan Property Co., Ltd. (張家港市中梁軒置業有限公司) |
| Land premium or acquisition cost: | RMB1,003.0 million |

Details of this project as of March 31, 2019 were as follows:

| | | GFA | | |
|-------------|------------|--------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 148,399 | 4,649 | 36,000 | 25,715 | 214,763 |

Note:

(1) Including civil defense areas of 16,720 sq.m.

BUSINESS

Dongtai Zhongliang Royal Park (東台中梁國賓府)

| | |
|--|--|
| Location: | Yancheng, Jiangsu Province |
| Scale: | Total site area of 86,756 sq.m. with a planned aggregate GFA of 239,910 sq.m. |
| Property type: | Residential project comprised of middle- and high-rise buildings |
| Project company: | Dongtai Gujia Property Co., Ltd. (東台顧家置業有限公司) |
| Land premium or acquisition cost: | Acquired the project company from a third party at a consideration of RMB335.5 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 193,068 | 7,057 | 9,583 | 30,202 | 239,910 |

Note:

(1) Including civil defense areas of 8,761 sq.m.

We intend to hold a portion of retail spaces with a planned GFA of 5,583 sq.m. for investment purpose. As of March 31, 2019, the project was completed with a total of 89,892 sq.m. sold and delivered.

Yancheng Zhongliang Dragon Mansion (鹽城中梁聚龍首府)

| | |
|--|---|
| Location: | Yancheng, Jiangsu Province |
| Scale: | Total site area of 57,683 sq.m. with a planned aggregate GFA of 166,634 sq.m. |
| Property type: | Residential project comprised of low- and high-rise buildings |
| Project company: | Yancheng Zhongliangyu Property Co., Ltd. (鹽城市中梁禦置業有限公司) |
| Land premium or acquisition cost: | RMB241.1 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------|---------|---------|
| Residential | Commercial | Ancillary Areas | Carpark | Total |
| (in sq.m.) | | | | |
| 123,500 | 3,860 | 4,250 | 35,024 | 166,634 |

BUSINESS

Liyang Zhongliang Shanti Mansion (溧陽中梁香緹)

| | |
|--|--|
| Location: | Changzhou, Jiangsu Province |
| Scale: | Total site area of 49,896 sq.m. with a planned aggregate GFA of 152,293 sq.m. |
| Property type: | Residential project comprised of low- and high-rise buildings |
| Project company: | Jiangsu Yinwu Real Estate Development Limited (江蘇銀梧房地產開發有限公司) |
| Land premium or acquisition cost: | Acquired the project company from two third parties at a consideration of RMB288.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 105,754 | 1,723 | 44,816 | — | 152,293 |

Note:

(1) Including civil defense areas of 40,550 sq.m.

Wuxi Zhongliang Capital ONE (無錫中梁首府壹號)

| | |
|--|---|
| Location: | Wuxi, Jiangsu Province |
| Scale: | Total site area of 47,804 sq.m. with a planned aggregate GFA of 123,662 sq.m. |
| Property type: | Residential project comprised of low- and high-rise buildings |
| Project company: | Wuxi Jinhua Property Co., Ltd. (無錫錦華置業有限公司) |
| Land premium or acquisition cost: | RMB516.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------|---------|---------|
| Residential | Commercial | Ancillary Areas | Carpark | Total |
| (in sq.m.) | | | | |
| 92,112 | 1,941 | 2,612 | 26,997 | 123,662 |

BUSINESS

Jingjiang Zhongliang THE ONE (靖江中梁壹號院)

| | |
|--|---|
| Location: | Taizhou, Jiangsu Province |
| Scale: | Total site area of 62,655 sq.m. with a planned aggregate GFA of 114,590 sq.m. |
| Property type: | Residential project comprised of townhouses and low-rise buildings |
| Project company: | Jingjiang Zhonglianghong Property Co., Ltd. (靖江中梁紅置業有限公司) |
| Land premium or acquisition cost: | RMB389.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------|---------|---------|
| Residential | Commercial | Ancillary Areas | Carpark | Total |
| (in sq.m.) | | | | |
| 92,256 | 270 | 689 | 21,375 | 114,590 |

Tongzhou Zhongliang Capital Park (通州中梁首府)

| | |
|--|---|
| Location: | Nantong, Jiangsu Province |
| Scale: | Total site area of 41,241 sq.m. with a planned aggregate GFA of 106,518 sq.m. |
| Property type: | Residential project comprised of low- and middle-rise buildings |
| Project company: | Tongzhou Lianghong Property Co., Ltd. (南通市通州區梁宏置業有限公司) |
| Land premium or acquisition cost: | RMB238.8 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 78,971 | 2,984 | 11,649 | 12,914 | 106,518 |

Note:

(1) Including civil defense areas of 5,838 sq.m.

BUSINESS

Lianyungang Zhongliang Yuzhou THE ONE (連雲港中梁鬱洲壹號院)



| | |
|--|--|
| Location: | Lianyungang, Jiangsu Province |
| Scale: | Total site area of 39,360 sq.m. with a planned aggregate GFA of 91,532 sq.m. |
| Property type: | Residential project comprised of duplex villas and high-rise buildings |
| Project company: | Lianyungang Shengcheng Real Estate Development Co., Ltd. (連雲港市聖承房地產開發有限公司) |
| Land premium or acquisition cost: | Acquired the project company from a third party at a consideration of RMB170.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------------------|---------|--------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 68,628 | 1,507 | 13,421 | 7,976 | 91,532 |

Note:

- (1) Including civil defense areas of 6,031 sq.m. and 6,118 sq.m. to be returned to the local government for free upon completion agreed under the land grant contract. We are not responsible for any relocation and resettlement operations in connection with this project.

BUSINESS

Suzhou Zhongliang Royal Villa Park (蘇州中梁獨墅御湖)

| | |
|--|--|
| Location: | Suzhou, Jiangsu Province |
| Scale: | Total site area of 332,849 sq.m. with an aggregate GFA of 138,518 sq.m. |
| Property type: | Residential project comprised of townhouses |
| Project company: | Suzhou Dingxin Wudi Real Estate Development Limited (蘇州鼎欣吳地房地產有限責任公司) |
| Land premium or acquisition cost: | Acquired the project company from a third party at a consideration of RMB510.0 million |

Details of this project as of March 31, 2019 were as follows:

| | | GFA | | | |
|-------------|------------|-----------------|---------|---------|--|
| Residential | Commercial | Ancillary Areas | Carpark | Total | |
| (in sq.m.) | | | | | |
| 81,599 | — | 56,919 | — | 138,518 | |

As of March 31, 2019, the project was completed with a total of 71,188 sq.m. sold and delivered.
Zhongliang Xuanzhou THE ONE (中梁宣州壹號院)

| | |
|--|--|
| Location: | Xuancheng, Anhui Province |
| Scale: | Total site area of 119,240 sq.m. with a planned aggregate GFA of 324,390 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Xuancheng Lianghong Property Co., Ltd. (宣城梁鴻置業有限公司) |
| Land premium or acquisition cost: | RMB421.0 million |

Details of this project as of March 31, 2019 were as follows:

| | | GFA | | | |
|-------------|------------|--------------------------------|---------|---------|--|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total | |
| (in sq.m.) | | | | | |
| 249,693 | 6,733 | 21,869 | 46,095 | 324,390 | |

Note:

(1) Including civil defense areas of 14,085 sq.m.

BUSINESS

Wuhu Zhongliang River Mansion 1621 (蕪湖中梁江城府1621)



| | |
|--|---|
| Location: | Wuhu, Anhui Province |
| Scale: | Total site area of 99,204 sq.m. with a planned aggregate GFA of 315,314 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Wuhu Lianguan Property Co., Ltd. (蕪湖梁冠置業有限公司) |
| Land premium or acquisition cost: | RMB500.3 million |

Details of this project as of March 31, 2019 were as follows:

| | | GFA | | | |
|-------------|------------|--------------------------------|---------|---------|------------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total | |
| | | | | | (in sq.m.) |
| 242,084 | 2,813 | 15,439 | 54,978 | 315,314 | |

Note:

(1) Including civil defense areas of 8,896 sq.m.

Mengcheng Zhongliang THE ONE (蒙城中梁壹號院)

| | |
|--|--|
| Location: | Bozhou, Anhui Province |
| Scale: | Total site area of 121,831 sq.m. with a planned aggregate GFA of 308,146 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Mengcheng Zhongliang Mingzhu Property Co., Ltd. (蒙城縣中梁銘築置業有限公司) |
| Land premium or acquisition cost: | RMB683.0 million |

BUSINESS

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 236,947 | 6,327 | 46,363 | 18,509 | 308,146 |

Note:

(1) Including civil defense areas of 40,017 sq.m.

Wuhu Zhongliang Wanjiang THE ONE (蕪湖中梁皖江壹號院)



| | |
|--|---|
| Location: | Wuhu, Anhui Province |
| Scale: | Total site area of 94,003 sq.m. with a planned aggregate GFA of 248,420 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Wuhu Lianghong Property Co., Ltd. (蕪湖梁宏置業有限公司) |
| Land premium or acquisition cost: | RMB859.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 196,879 | 300 | 907 | 50,334 | 248,420 |

Note:

(1) Including civil defense areas of 439 sq.m.

BUSINESS

As of March 31, 2019, the project was completed with a total of 105,356 sq.m. sold and delivered.

Wuhu Zhongliang Royal Park (蕪湖中梁國賓府)



| | |
|--|--|
| Location: | Wuhu, Anhui Province |
| Scale: | Total site area of 106,022 sq.m. with a planned aggregate GFA of 196,219 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Wuhu Lanyu Property Co., Ltd. (蕪湖嵐宇置業有限公司) |
| Land premium or acquisition cost: | RMB697.2 million |

Details of this project as of March 31, 2019 were as follows:

| | | GFA | | | |
|-------------|------------|--------------------|---------|---------|--|
| Residential | Commercial | Ancillary Areas | Carpark | Total | |
| (in sq.m.) | | | | | |
| 162,837 | 986 | 5,183 | 27,213 | 196,219 | |

As of March 31, 2019, the project was completed with a total of 104,611 sq.m. sold and delivered.

Suixi Zhongliang Royal Garden (濉溪中梁國賓天下)

| | |
|--|---|
| Location: | Huaibei, Anhui Province |
| Scale: | Total site area of 60,361 sq.m. with a planned aggregate GFA of 162,189 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Suixi Liangzhu Property Co., Ltd. (濉溪縣梁築置業有限公司) |
| Land premium or acquisition cost: | RMB173.2 million |

BUSINESS

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 128,621 | 1,713 | 8,572 | 23,283 | 162,189 |

Note:

(1) Including civil defense areas of 7,329 sq.m.

Ningxiang Zhongliang Capital Park (寧鄉中梁首府)

| | |
|--|---|
| Location: | Changsha, Hunan Province |
| Scale: | Total site area of 55,397 sq.m. with a planned aggregate GFA of 167,373 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Changsha Yurong Real Estate Development Co., Ltd. (長沙禦融房地產開發有限公司) |
| Land premium or acquisition cost: | RMB146.3 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------|---------|---------|
| Residential | Commercial | Ancillary Areas | Carpark | Total |
| (in sq.m.) | | | | |
| 129,981 | 9,064 | 765 | 27,563 | 167,373 |

We intend to hold a portion of retail spaces with a planned GFA of 9,064 sq.m. for investment purpose.

Dazhou Zhongliang Capital Park (達州中梁首府)

| | |
|--|---|
| Location: | Dazhou, Sichuan Province |
| Scale: | Total site area of 67,531 sq.m. with a planned aggregate GFA of 299,722 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Dazhou Liangshi Property Co., Ltd. (達州梁實置業有限公司) |
| Land premium or acquisition cost: | RMB566.1 million |

BUSINESS

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 205,636 | 14,139 | 28,002 | 51,945 | 299,722 |

Note:

(1) Including civil defense areas of 27,946 sq.m.

We intend to hold a portion of retail spaces with a planned GFA of 14,139 sq.m. for investment purpose.

Jiujiang Zhongliang Capital Park (九江中梁首府)

| | |
|--|---|
| Location: | Jiujiang, Jiangxi Province |
| Scale: | Total site area of 78,179 sq.m. with a planned aggregate GFA of 248,114 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Jiujiang Zhonglianghe Property Co., Ltd. (九江市中梁和置業有限公司) |
| Land premium or acquisition cost: | RMB573.4 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 184,569 | 9,350 | 11,463 | 42,732 | 248,114 |

Note:

(1) Including civil defense areas of 8,910 sq.m.

Jingdezhen Zhongliang Capital Park (景德鎮中梁首府)

| | |
|--|---|
| Location: | Jingdezhen, Jiangxi Province |
| Scale: | Total site area of 76,731 sq.m. with a planned aggregate GFA of 217,922 sq.m. |
| Property type: | Residential project comprised of high-rise buildings and garden houses |
| Project company: | Jingdezhen Liangtai Property Co., Ltd. (景德鎮梁泰置業有限公司) |
| Land premium or acquisition cost: | RMB416.3 million |

BUSINESS

Details of this project as of March 31, 2019 were as follows:

| Residential | Commercial | GFA | | |
|-------------|------------|--------------------------------|---------|---------|
| | | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 162,417 | 4,955 | 16,148 | 34,402 | 217,922 |

Note:

(1) Including civil defense areas of approximately 14,780 sq.m.

Taihe Zhongliang Capital Park (泰和中梁首府)

| | |
|--|---|
| Location: | Ji'an, Jiangxi Province |
| Scale: | Total site area of 66,670 sq.m. with a planned aggregate GFA of 179,911 sq.m. |
| Property type: | Residential project comprised of high-rise buildings and townhouses |
| Project company: | Ji'an Xinruiyuan Real Estate Development Co., Ltd. (吉安市鑫瑞源房地產開發有限公司) |
| Land premium or acquisition cost: | RMB122.1 million |

Details of this project as of March 31, 2019 were as follows:

| Residential | Commercial | GFA | | |
|-------------|------------|--------------------------------|---------|---------|
| | | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 142,880 | 2,479 | 8,099 | 26,453 | 179,911 |

Note:

(1) Including civil defense areas of 7,020 sq.m.

Ruijin Zhongliang Fortune Garden (瑞金中梁瑞園)



BUSINESS

| | |
|--|---|
| Location: | Ganzhou, Jiangxi Province |
| Scale: | Total site area of 51,997 sq.m. with a planned aggregate GFA of 169,192 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Ganzhou Liangzhu Property Co., Ltd. (贛州梁築置業有限公司) |
| Land premium or acquisition cost: | RMB270.4 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 126,468 | 7,560 | 1,735 | 33,429 | 169,192 |

Note:

(1) Including civil defense areas of 1,735 sq.m.

We intend to hold a portion of retail spaces with a planned GFA of 7,560 sq.m. for investment purpose.

Ganzhou Zhongliang Dragon Mansion (贛州中梁蟠龍府)



| | |
|--|---|
| Location: | Ganzhou, Jiangxi Province |
| Scale: | Total site area of 55,163 sq.m. with a planned aggregate GFA of 155,515 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Ganzhou Liangyuan Property Co., Ltd. (贛州梁源置業有限公司) |
| Land premium or acquisition cost: | RMB369.2 million |

BUSINESS

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 118,159 | 2,668 | 1,478 | 33,210 | 155,515 |

Note:

(1) Including civil defense areas of 600 sq.m.

Fuzhou Zhongliang Capital Park (撫州中梁首府)

| | |
|--|---|
| Location: | Fuzhou, Jiangxi Province |
| Scale: | Total site area of 43,109 sq.m. with a planned aggregate GFA of 120,034 sq.m. |
| Property type: | Residential project comprised of high-rise building and townhouses |
| Project company: | Fuzhou Zhongliangxuan Property Co., Ltd. (撫州市中梁軒置業有限公司) |
| Land premium or acquisition cost: | RMB329.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 93,609 | 382 | 5,973 | 20,070 | 120,034 |

Note:

(1) Including civil defense areas of 5,200 sq.m.

BUSINESS

Ganzhou Zhongliang Jiangdu Mansion (贛州中梁江督府)



| | |
|--|--|
| Location: | Ganzhou, Jiangxi Province |
| Scale: | Total site area of 29,673 sq.m. with a planned aggregate GFA of 82,289 sq.m. |
| Property type: | Residential project comprised of garden houses and high-rise buildings |
| Project company: | Ganzhou Lianghong Property Co., Ltd. (贛州梁宏置業有限公司) |
| Land premium or acquisition cost: | RMB328.7 million |

Details of this project as of March 31, 2019 were as follows:

| | | GFA | | | |
|-------------|------------|--------------------|---------|--------|------------|
| Residential | Commercial | Ancillary Areas | Carpark | Total | |
| | | | | | (in sq.m.) |
| 62,895 | 1,957 | 359 | 17,078 | 82,289 | |

We intend to hold a portion of retail spaces with a planned GFA of 1,742 sq.m. for investment purpose.

Sanming Zhongliang THE ONE (三明中梁壹號院)

| | |
|--|---|
| Location: | Sanming, Fujian Province |
| Scale: | Total site area of 35,369 sq.m. with a planned aggregate GFA of 121,344 sq.m. |
| Property type: | Residential project comprised of middle-and high-rise buildings |
| Project company: | Fujian Zhongliangyi Real Estate Development Co., Ltd. (福建中梁翼房地產開發有限公司) |
| Land premium or acquisition cost: | RMB150.5 million |

BUSINESS

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 76,744 | 1,938 | 21,372 | 21,290 | 121,344 |

Note:

(1) Including civil defense areas of 18,693 sq.m.

Taizhou Jiaojiang Royal Garden (台州椒江國賓天下)

| | |
|--|--|
| Location: | Taizhou, Zhejiang Province |
| Scale: | Total site area of 14,606 sq.m. with a planned aggregate GFA of 64,557 sq.m. |
| Property type: | Residential project comprised of low- and high-rise buildings |
| Project company: | Taizhou Zhongliangxuan Property Co., Ltd. (台州市中梁軒置業有限公司) |
| Land premium or acquisition cost: | RMB 188.7 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | | |
|-------------|------------|--------|-----------------------------------|---------|--------|
| Residential | Commercial | Office | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | | |
| 45,921 | 1,738 | 1,656 | 7,481 | 7,761 | 64,557 |

Note:

(1) Including civil defense areas of 5,280 sq.m. and 1,334 sq.m. to be returned to the local government for free upon completion for resettlement houses as agreed under the land grant contract. We are not responsible for any relocation and resettlement operations in connection with this project.

Lishui Jade Elegance Court (麗水翡翠濱江)

| | |
|--|---|
| Location: | Lishui, Zhejiang Province |
| Scale: | Total site area of 69,833 sq.m. with a planned aggregate GFA of 171,693 sq.m. |
| Property type: | Residential project comprised of duplex villas and high-rise buildings |
| Project company: | Lishui Liangxuan Property Co., Ltd. (麗水市梁軒置業有限公司) |
| Land premium or acquisition cost: | RMB 1,100.0 million |

BUSINESS

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 110,368 | 1,055 | 23,999 | 36,271 | 171,693 |

Note:

- (1) Including civil defense areas of 9,722 sq.m. and 13,262 sq.m. to be returned to the local government for free upon completion for resettlement houses as agreed under the land grant contract. We are not responsible for any relocation and resettlement operations in connection with this project.

Baoying Zhongliang Rongchuang Capital ONE (寶應中梁融創首府壹號)

| | |
|--|---|
| Location: | Yangzhou, Jiangsu Province |
| Scale: | Total site area of 77,707 sq.m. with a planned aggregate GFA of 217,763 sq.m. |
| Property type: | Residential project comprised of townhouses and middle-rise buildings |
| Project company: | Yangzhou Jinhong Property Co., Ltd. (揚州錦鴻置業有限公司) |
| Land premium or acquisition cost: | RMB 556.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 149,657 | 2,321 | 24,297 | 41,488 | 217,763 |

Note:

- (1) Including civil defense areas of 10,888 sq.m. and 7,448 sq.m. to be returned to the local government for free upon completion for resettlement houses as agreed under the land grant contract. We are not responsible for any relocation and resettlement operations in connection with this project.

Kunming Anning Zhongliang Majestic Mansion (昆明安寧中梁華府)

| | |
|--|---|
| Location: | Kunming, Yunnan Province |
| Scale: | Total site area of 24,764 sq.m. with a planned aggregate GFA of 119,632 sq.m. |
| Property type: | Residential project comprised of high-rise buildings and annex retail areas |
| Project company: | Anning Zhongliangcheng Property Co., Ltd (安寧中梁城置業有限公司) |
| Land premium or acquisition cost: | RMB 207.9 million |

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Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|-----------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 82,531 | 3,191 | 4,289 | 29,621 | 119,632 |

Note:

(1) Including civil defense areas of 3,345 sq.m.

Yixing Zhongliang THE ONE (宜興中梁壹號院)

Location: Wuxi, Jiangsu Province
Scale: Total site area of 60,434 sq.m. with a planned aggregate GFA of 106,784 sq.m.
Property type: residential project comprised of townhouses and garden houses
Project company: Yixing Chengxi Property Co., Ltd. (宜興市澄希置業有限公司)
Land premium or acquisition cost: RMB 444.5 million

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------|---------|---------|
| Residential | Commercial | Ancillary Areas | Carpark | Total |
| (in sq.m.) | | | | |
| 67,954 | 2,573 | 1,977 | 34,280 | 106,784 |

Taizhou Zhongliang Taida THE ONE (泰州中梁泰達壹號院)

Location: Taizhou, Jiangsu Province
Scale: Total site area of 43,536 sq.m. with a planned aggregate GFA of 121,272 sq.m.
Property type: Residential project comprised of garden houses and high-rising buildings
Project company: Taizhou Huada Property Co., Ltd. (泰州市華達置業有限公司)
Land premium or acquisition cost: RMB 109.3 million

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Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------------------|---------|---------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 87,461 | 2,337 | 8,983 | 22,491 | 121,272 |

Note:

(1) Including civil defense areas of 7,266 sq.m.

Taizhou Wenling Academy ONE (台州溫嶺學府壹號)

| | |
|--|--|
| Location: | Taizhou, Zhejiang Province |
| Scale: | Total site area of 14,128 sq.m. with a planned aggregate GFA of 40,697 sq.m. |
| Property type: | Residential project comprised of high-rise buildings and annex retail areas |
| Project company: | Wenling Zhongliangtai Property Co., Ltd. (溫嶺市中梁泰置業有限公司) |
| Land premium or acquisition cost: | RMB 308.0 million |

Details of this project as of March 31, 2019 were as follows:

| GFA | | | | |
|-------------|------------|--------------------------------|---------|--------|
| Residential | Commercial | Ancillary Areas ⁽¹⁾ | Carpark | Total |
| (in sq.m.) | | | | |
| 27,558 | 2,040 | 3,443 | 7,656 | 40,697 |

Note:

(1) Including civil defense areas of 1,951 sq.m

OUR PROJECT OPERATION AND MANAGEMENT

Our Project Development Process

Our successful duplication of property development experience into new regions is attributable to our standardized operating procedures, which facilitate us to complete periodical preparation work beforehand at each stage and improve our operating efficiency. Our standardized operating procedures cover the entire real estate development cycle, including land acquisition, product design, construction, sales and marketing, and delivery. Leveraging our historical project development experience and proven track record, we formulate and

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constantly modify our standardized operational manuals that consolidate our best practice and provide detailed guidance for our employees located in different cities with respect to all material aspects of their daily operation.

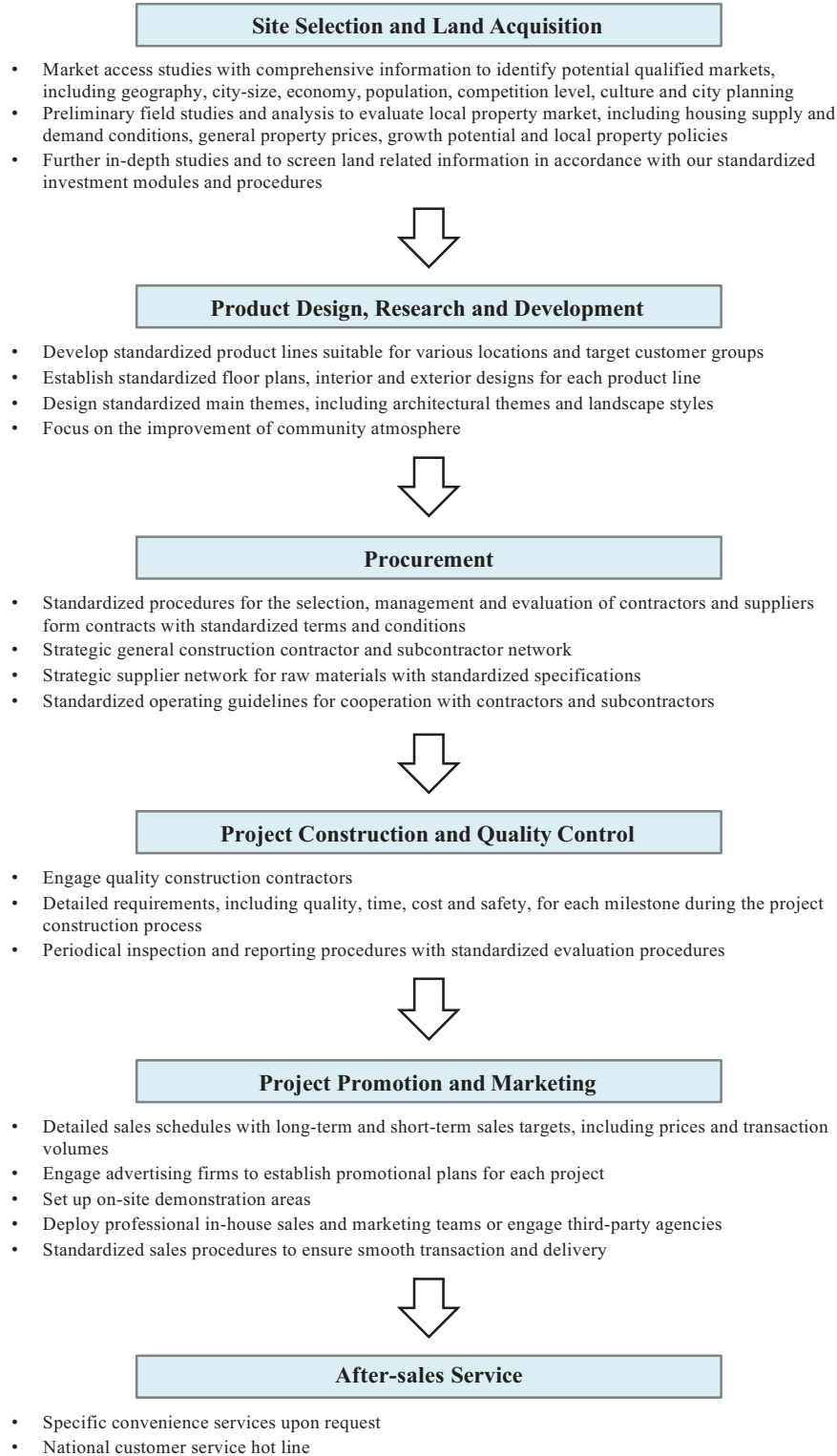
In terms of each potential project under consideration, we adopt three sets of project evaluation and screening criteria:

- Strategy criteria: we prudently pursue opportunities that are in line with our current and long-term development strategies, which requires us to evaluate the project location and contemplated project size, as well as macroeconomic factors such as the general economic conditions and local population for each potential opportunity;
- Market criteria: we collect local market intelligence to analyze the accessibility of a regional market, including its existing property inventory, average housing prices, historical inventory turnover rate of competitors; and
- Financial criteria: finally, we utilize our standardized modules to review detailed financial estimates of a potential project, including estimated selling prices, anticipated economic returns and profitability, time schedule for project development processes.

Other than the above, with respect to a land parcel or a property project to be acquired from other third parties, we may also involve our legal department to evaluate the associated legal risks. We will only proceed with the development of the project if each set of project screening and evaluation criteria is met.

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The diagram below sets forth the major stages typically involved in our development of a property project:



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Site Selection

During the Track Record Period, the majority of our property projects had been located in third- and fourth-tier cities and areas adjacent to first- and second-tier cities in China. We are able to take advantage of the relatively lower land acquisition costs there, less intensified competition, and the demands driven by the surrounding affluent areas. In recent years, we have selectively expanded our presence in second-tier cities and, subject to market conditions, intend to prudently tap into first-tier cities when right opportunities arise.

Prior to acquiring a parcel of land, our management will consider key factors that influence the growth of the local property market and make an informed decision based on a feasibility analysis and research. The key factors we consider in site selection include, among others:

- general local economic conditions;
- population, income level and purchasing power of local target customers;
- competition level of local real estate market;
- infrastructure, urban planning and future development plans of local government;
- growth trend of local property market, including housing supply and demand conditions, growth potential and local property policies;
- location of the land parcel in the city;
- suitability of the land parcel for our established product positioning strategy; and
- estimated development costs and time and expected income returns.

Our market research and feasibility studies shall follow our standardized market analysis modules and investment procedures.

Land Acquisition

Under 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 tender, auction or listing-for-sale. We primarily acquire land for our projects through the listing-for-sale process organized by the relevant government authorities. When deciding to whom the land use rights should be granted, the relevant authorities may consider not only the bidding price, but also the bidder's real estate development experience, development track record, credit history, qualifications and development proposal in connection with their local zoning, urbanization and development plans. In addition, we also acquire land through auctions and public tenders.

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Moreover, we have employed land acquisition strategies to acquire target land parcels by cooperating with third-party business partners through joint ventures and associates in which we do not have controlling stake. With majority of initial capital contributed by the third-party business partners, we can invest in property projects with relatively lower capital outlay. We may also acquire land parcels from third parties by acquiring target project companies or target projects.

We decide on whether to develop by ourselves or to partner with third-party business partners through joint ventures or associates, by taking into account various factors, such as the estimated land acquisition costs, the development scale of the potential project, the specialty and resources possessed by the potential business partner, as well as the expected commercial terms available to us upon negotiation.

In conjunction with the acquisition of land use rights from the PRC government, real estate developers in the PRC are required to pay a land grant premium to the relevant government authority and apply for a land use right certificates (if applicable, a real estate 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 commercial, tourism and recreation purposes and 50 years for industrial or other purposes.

Product Design and Development

Our headquarters have an in-house product design and development team comprising of 702 employees. We strive to develop products that best suit the needs of our target customers. In addition, to avoid over competition, we dedicated to offering projects that differentiate from projects in close proximity.

We have established standardized designs, main themes and modules for our projects to ensure efficiency and cost control. Such standard designs could be further adjusted, taking into account local esthetic preferences, government policies, product positioning and market conditions.

When developing a project, we first determine which product line the planned project should belong to, based on the features of the land parcel and our preliminary market researches. Our product research and development department formulates a master planning and design specifications for the project under development by following the applicable standardized design module. The master planning and design specifications shall meet our product design philosophy and standards and conform to our cost control and operational requirements. In addition, based on our product database, the project research and development department further collaborates with our regional companies, other relevant departments at our headquarters, and third-party architectural and design firms during the planning and design process to prepare more detailed architectural plans and design drawings.

We typically use a tender process on a project-by-project basis in selecting third-party architecture and design firms and request such potential firms to provide a proposal with a service fee quote. When selecting an architecture and design firm, we consider their proposed design concepts, former experience with major real estate developers, innovation capability, reputation for reliability and quality as well as our previous experience

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working with them and the price of their proposed services. We currently maintain strategic relationships with several leading third-party architecture and design firms that are familiar with our product requirements and have illustrated strong design capabilities, and expect to deepen our cooperation with such firms in the future. As such, we believe these firms will be able to assist us to reduce the overall timeframe required for product design and development. We currently maintain an average over four years of business relationship with our strategic third-party architecture and design firms. Such design firms have been involved in the development of our standardized products and have established frequent communication with our Group. Their deep understanding about our project planning, property design requirements, cost controls and overall development strategies allows a smooth cooperation and significantly improve the quality and efficiency of the product design process.

Our Product Research and Development Base

We have established a product research and development base in Jiaxing, Zhejiang Province, in June 2017. The research and development base occupies a total GFA of approximately 1,800 sq.m. and currently has luxury decorated model homes, display areas for standardized development processes, construction methods and construction materials, as well as training and conference zone. Our product development team leverages this product research and development base to conduct product design and construction experiments so that they are able to select and apply the most suitable and cost-efficient construction techniques and materials for each standardized product line. We are also able to identify and pre-empt potential construction and decoration problems through various tests on the decorated model homes. In addition, the product research and development base also serves as a powerful internal training facility for our employees to practice on-site construction technique improvements, as well as a display area with our standardized products for our contractors' reference. Finally, the collection of all construction materials facilitates our centralized raw material procurement.

Procurement and Contractors

Third-Party General Contractors and Subcontractors

We outsource all of the construction work of our property development projects to qualified general contractors. 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 we have worked with hold the Premium Grade Constructor Qualification in China. In addition, subject to the detailed construction requirements of the projects, we also involve specialized contractors in specific areas, such as landscaping and foundation works. We believe that outsourcing our construction work could allow us to leverage the expertise of the construction contractors so that we can focus on our principal business of property development.

We identify and establish strategic relationships with certain quality general contractors who can meet our quality and time requirements and are familiar with our business model and corporate culture, so that we are able to better control development costs, improve operating efficiency and enhance standardized product implementation. The strategic general contractors we worked with have an established relationship with us for approximately two years. We typically re-evaluate the contracts with such strategic contractors based on their performance and assess whether to renew the contracts every six months.

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We initially select our general construction contractors and subcontractors through a tender process in accordance with the relevant PRC laws and regulations. The tender process is managed by the cost management department at our headquarters, regional management and project company levels. 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 engaged 24, 46, 149 and 61 general construction contractors in 2016, 2017 and 2018 and as of the Latest Practicable Date, respectively. The fluctuation in the numbers of contractors we engaged during the Track Record Period primarily depends on the amount of construction work required for our projects that are under development.

General contractors and subcontractors will enter into a construction agreement based on the standard template provided by the relevant government authority. 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. Payments to such contractors are made in stages upon the completion of each construction milestones pursuant to the relevant contracts. In general, we pay the contractor 70% to 75% of the full contract price during the construction process by installments and usually pay up to approximately 90% to 95% of the total contract price upon the completion of the project, while holding back the remaining approximately 5% to 10% as retention fee for quality warranties purpose. The contractors are generally required to provide us with a warranty period typically ranging from two to five 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 reclaim the differences from the contractors to cover any losses that we may incur that is greater than the retained retention fee, even after certain retention fee has been remitted. In addition, under circumstances where the construction schedules are delayed for more than the period of time as stipulated in the agreements, we are entitled to a pre-determined amount as a penalty payment and, in some cases, we will have the right to terminate the agreements. Our Directors believe that the amount of retention fee we withhold under our construction contracts is in line with the industry practice in the PRC and is sufficient to cover the construction warranties we provide to our customers under the sale and purchase agreements.

Procurement

Certain building construction materials, such as steel and concrete, and equipment are procured by the third-party construction contractors we engage, although we typically designate the brands and quality requirements of these construction materials as part of our construction agreements, and identifies the suppliers in which such materials and equipment should be purchased.

For certain other specialized building materials and equipment, such as air conditioning systems, elevators and wall bricks, we are generally responsible for purchasing directly from suppliers through tender processes on an as-needed-basis. We adopt centralized procurement policy for such specialized building materials and equipment in order to take advantage of the competitive costs due to large scales procurement.

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Our construction management teams oversee the quality of each project development, conduct on-site inspection and pre-examine the construction materials before they are used in the projects. Our construction materials are primarily purchased from suppliers in the PRC. 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

To comply with relevant PRC laws and regulations, before construction can commence, we must first obtain the land use rights to the relevant land parcel and the necessary permits and certificates, which include the construction land planning permits, the construction work planning permits and the construction work commencement permits (which will only be issued after the land use right certificates, the construction land planning permits and the construction work planning permits are obtained). During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant delays in obtaining the aforesaid certificates and permits. As of the Latest Practicable Date, except for the projects we had not commenced construction, save as disclosed, we had obtained land use right certificates and all relevant certificates and permits as required by the PRC laws and regulations for all of our projects under development and projects held for future development.

Moreover, we are also required to commence construction of our projects within the time prescribed by the relevant PRC laws and regulations. Otherwise our lands 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 not hold any idle lands and had not been required to forfeit any land or pay any idle land fee by the government authorities.

Project Monitoring and Control

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. We periodically organize internal conferences increasing the awareness of safety and quality among all of our employees.

We implement systematic quality control through various aspects of our operations. Quality control starts with the selection of qualified construction contractors. See “— Our Project Operation and Management — Procurement and Contractors — Third-Party General Contractors and Subcontractors.” We inspect and review

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the qualification and performances of these contractors regularly to ensure they are performing up to our standards. We also perform extensive due diligence in the selection of other service providers as well, including external architecture and design firms, and raw material suppliers, based on factors such as their quality, reputation and track record. The selected general contractor and the relevant raw material suppliers shall provide raw material samples for our inspection and obtain approval before they can be used for our projects.

Based on the quality and technical standards stipulated by the national authorities, we have established a comprehensive set of stringent standardized technical and quality control and inspection guidelines that provide our employees located in various cities with the standardized and detailed requirements as to quality control standards and specifications for all major aspects of our construction processes. Our quality inspection guidelines call for regular inspection of all our construction sites to ensure quality and safety at the project company level. We utilize our IT systems to streamline such quality control standards and specifications and ensure such standards and specifications of each of our projects are fully satisfied. We have also developed the standardized construction review and assessment system which allows us to constantly understand and manage the quality and safety status of the construction work of our projects.

As of the Latest Practicable Date, we had 1,852 employees dedicated to construction management and quality control. Our construction management and quality control teams at our project company, regional management and headquarters level are comprised of qualified engineers and construction technicians.

In compliance with relevant PRC laws and regulations, we also engage qualified construction supervision companies to monitor certain aspects of our project construction, who shall report the progress and the quality conditions of the projects on a regular basis.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not encountered any material quality problems nor received any material complaints about the quality of our projects. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, save as disclosed in “— Safety Matters — Construction Accident Site of Xuzhou Xuxin” below, there were (i) 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, (ii) no material violation of currently applicable PRC labor and safety regulations, and (iii) no material employee safety issues involving our Group. During the Track Record Period and up to the Latest Practicable Date, save as disclosed, no fines or penalties for non-compliance of PRC labor and safety laws and regulations had been imposed on us.

Progress Control

Achieving a rapid asset-turnover requires significant operating efficiency and project execution capability during our property development process. We have established a project schedule management system that specifies the timeframe in which each check point needs to be achieved during the project development process. Our IT systems integrate and visualize the project schedule management procedures, which automatically alerts the relevant departments and responsible staff and officers of the timeliness of their performance for each task. Any delay to a check point will draw the immediate attention of our management at our headquarters, so that our

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management are able to track and adjust such schedule in accordance with market conditions. Such project schedule management 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 regional companies and our construction management department at our headquarters will aim to implement remedial measures to shorten the time frame 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 will closely monitor to ensure that such timeline is met.

Cost Control

We have established a comprehensive cost management system to set the relevant budget for our projects, including how to assess the different cost components. For each project, the relevant regional company, as approved by its general manager, shall prepare a master budget, which will be submitted to the cost management department and finance management center at the headquarters level and then ultimately approved by the president of our Group. If any amendment to the original budget plan is needed, such amendment shall be reviewed and approved by our senior management.

We have established a dedicated cost management department at our headquarters to approve and monitor all construction and supplier agreements. The cost management department is responsible to review and ensure the relevant contract value and payment schedule is in accordance with those set forth in our master budget. Our finance management center and cost management department review and verify the actual costs incurred in detail and compare such costs with the master budget and with similar expenses incurred at our other projects on a monthly basis. We believe such cost control procedures enable our management to identify and anticipate situations where actual cost may exceed the initially approved budget and to take the appropriate remedial measure in a timely manner. In the event that the master budget for a project needs to be revised, approval from our senior management must be obtained. 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 cost.

Promotion and Marketing

Sales, Promotion and Marketing Efforts

We have adopted a precision marketing strategy by carefully designing marketing campaigns for each property project after market studies on the targeted customers as well as the local regions. We take advantage of word-of-mouth marketing and usually organize high-key promotional events, such as inviting public figures, to promote awareness of and interests in our projects among local residents. We have accumulated significant experience and formulated standardized operating modules for sales and marketing process. Our standardized operational modules for sales and marketing provide an efficient and consistent guidance on product position, promotional events, demonstration areas, pricing practice, controls on marketing expenses, monitor of third-party sales agents and other aspects. With respect to each property project, we design and launch various marketing activities that best interact with then property development operations at different stage. For instance, we

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typically hold media conferences shortly prior to the launch of temporary demonstration areas, and organize product explanation and presentation meetings upon open of the demonstration units.

Our in-house sales and marketing teams were established at both headquarters and the regional management levels. The marketing and customer service center at our headquarters is in charge of formulating the standardized marketing procedures and setting marketing goals, controlling project marketing control and budget and evaluating the performance of the local sales and marketing team. The sales and marketing teams designated by our regional management teams are responsible for the formulation and execution of detailed project marketing strategies and plans. To ensure better management and quality control, the regional management teams, instead of the project companies, manage the sales and marketing of individual property projects. We will establish a comprehensive progress list for each property project, systematically presenting all sales targets with major time schedules.

We primarily rely on the efforts of our own marketing and customer service center for the sale of most of our properties. We believe by establishing and strengthening our own sales and marketing team, and leveraging the supports of our other departments, we are better positioned to gain deeper understanding of the market in order to improve our marketing and pricing efforts, and better able to identify industry trends and customer demands that can benefit in optimizing our products. Furthermore, we believe the interest of our own sales and marketing team are better aligned with our Group as compared to external real estate sales agencies. Our sales and marketing personnel are incentivized by performance-based compensation packages. We believe we provide relatively competitive incentives to our sales and marketing staff, which are based on the performance evaluation of the individual sales and marketing personnel and their marketing teams. Our marketing and customer service center is 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. We implement traditional marketing efforts, including outdoor billboards, advertisements on television and internet. We also take advantage of various new marketing channels to expand our reach to potential customers. For the years ended December 31, 2016, 2017 and 2018, our selling and distribution expenses were approximately RMB405.2 million, RMB823.7 million and RMB1,333.9 million, respectively, accounting for approximately 13.9%, 5.9% and 4.4%, respectively, of our total revenue during the same periods.

In new regional markets where we have limited resources, we may engage third-party real estate sales agents to facilitate the marketing and sales of our projects, depending on market conditions and our overall sales condition 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 in their database to our project sites. In consideration of their services, we typically pay a commission depending on the total sales amount they make.

Pricing

Prior to the launch of pre-sale for each project, our marketing and customer services center at our headquarters, in consultation with our other departments, will review the overall marketing budget and target selling prices based on the feasibility study conducted for the project. Marketing budget plans and target prices

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are then reviewed and modified at the end of each year by our marketing and customer services center, based on the then market conditions and actual pre-sale activities of each project. The relevant regional company shall follow the price guidance provided by our headquarters and establish the detailed sales schedule and the target selling prices.

We price our properties primarily based on the estimated total costs and target profit, while also taking into account the prices of comparable projects in neighboring communities and recent prevailing market price trends. Our sales and marketing team at the project company level will closely monitor and analyze the pricing strategies and promotion campaigns of other competing properties and propose adjustment to our marketing and pricing strategies as appropriate.

Due to the highly competitive and evolving nature of real estate industry in China, we are required to constantly monitor the changing market conditions and adjust the selling prices of our projects as appropriate. We may adjust the prices during the sales process based on market responses we experience, especially when we experience favorable response. We occasionally make temporary downward adjustments to the prices to accelerate the turnover rate. We had not made any material change to our pricing policies during the Track Record Period and up to the Latest Practicable Date.

Pre-Sale

We generally commence the pre-sale of our properties prior to completion of construction. Prior to starting pre-sale, we will complete and stage select demonstration units and display areas in order to provide visual presentations to our customers as to the quality of our products. We launch pre-sale upon the receipt of pre-sales permits in accordance with the PRC laws and regulations. Amongst others, we must fulfill the following conditions before we can obtain the pre-sales permits:

- the land premium is paid in full and the land use right certificates must have been obtained;
- the construction work planning permits and the construction work commencement permits must have been obtained;
- 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;
- the progress of the construction should meet the local government's requirements for pre-sale; and
- the pre-sale has been registered.

Our Directors confirm that, during the Track Record Period, we did not experience any significant delays in obtaining the pre-sales permits. In addition, real estate developers are also required to use a standard pre-sale contract prescribed by the relevant local authorities. In accordance with the requirements of applicable PRC laws

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and regulations, we register such pre-sales with the relevant local authorities and provide warranties on the quality of properties we sell to our customers for periods no shorter than that for the quality warranties we receive from our construction contractors under the relevant construction contracts.

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.

Moreover, pursuant to the relevant laws and regulations, pre-sale proceeds from the sales of commodity properties shall be supervised and managed by relevant authorities so as to ensure that the proceeds to be used for the construction of the relevant properties. Please refer to “Regulation Overview — Real Estate Transactions — Pre-sale of commodity properties” for more details. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties for non-compliance incident in connection with the management and usage of pre-sale proceeds.

Branding

We pay substantial attention to build our reputation and brand recognition in the real estate industry in China. We established a dedicated branding and culture department at our headquarters level in 2016 to design and execute brand promotion campaigns.

We participate in various industry conferences to enhance our presence and influence among real estate industry in China. We also leverage social media to promote our brand image.

We also actively participate in charity activities and constantly make charity donations, such as for the earthquake relief efforts in Jiuzhaigou, Sichuan Province in August 2017. We also initiated book charity activities from 2017 to students in Zhejiang, Qinghai, Hubei, Fujian, Yunnan, Hebei, Sichuan and Jiangsu provinces, Tibet autonomous region, Xinjiang Uygur autonomous region and Shanghai. Such charity activities substantiate our corporate culture and also reinforce our brand recognition as a socially responsible enterprise.

Payment Arrangements

Our customers can make the payment in one lump sum by cash, or by installment payments with mortgage financing. After we obtain the pre-sale permits, we commence the pre-sales and typically ask our customers to enter into the pre-sale or sale contracts. The deposit will be forfeited if the customer decides not to sign the formal pre-sale or sale contract. The deposit will be deducted from the purchase price if the customer later opts to settle the payment in full. If a purchaser chooses to make a lump-sum payment, the balance of the purchase price is to be paid no later than the date specified in the sale and purchase agreement. We usually require customers to pay 30% of the total purchase price within seven days from the contract date and to settle the remaining 70% within two months after entering into the sales or pre-sale contracts.

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Customers may also choose to fund their purchases using mortgage loans provided by commercial banks. In this case, they will be required to pay a non-refundable down payment of approximately 30% of the purchase price within seven days from the contract date in accordance with the terms stipulated in the contract, depending on whether it is their first mortgage for residential properties. The mortgage bank will normally pay the remainder of the purchase price within two months, depending on the approval process of relevant mortgage banks. Under the relevant PRC laws and regulations, our customers may obtain mortgage loans with a repayment period of up to 30 years. If the remainder of the purchase price is not covered by the mortgage banks, these customers must pay to us the outstanding balance of the purchase price.

In line with market practice in the PRC, we have arrangements with various banks for the provision of mortgage financing and when required, provide our customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the transfer of the building ownership certificate to the purchaser and the certificate is registered in favor of the bank. As a guarantor, if the purchaser defaults in payment, we are obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank under the loan. We do not conduct credit checks on our customers but rely on the credit checks conducted by relevant banks.

As of December 31, 2016, 2017 and 2018, our outstanding guarantees over the mortgage loans of our customers amounted to RMB6,601.3 million, RMB20,816.3 million and RMB28,897.3 million, respectively. In case our customers default under the formal sale and purchase agreement entered into at pre-sale for properties pre-sold which were financed by bank mortgages, we, as the guarantor for the purchasers' mortgaged loan, are required to repay all amounts due under the mortgages owed by the purchaser to the mortgage bank. Generally, upon the defaults of the purchaser, the mortgagee bank would initiate legal proceedings against the purchaser for the mortgage loan and apply the proceeds from sale of the mortgaged property by auction in the payment of amounts due under the mortgage. Accordingly, if the proceeds of the sale of the mortgaged property by auction are not enough to cover the amounts due under the mortgage, we, as the guarantor for the purchasers, would need to pay any short-fall to the mortgage bank.

In the case of a customer default, we are entitled to forfeit the deposits paid by the purchaser and foreclose on the relevant property. Moreover, if a customer defaults on payment of its mortgage, the mortgagee bank may deduct the payment due from the deposited sum and require us to repay the entire outstanding balance of the mortgage pursuant to the guarantee and we also have the right to terminate the sale and purchase agreement with the defaulting customer. Upon fulfillment of our obligations under the guarantee, the mortgagee bank would then assign its rights under the mortgage to us and we would then have full recourse to the property. We believe that our guarantees on the mortgage loans of our purchasers are over-secured as we believe the aggregate fair value of the underlying properties exceeds the aggregate amount of outstanding guarantees.

During the Track Record Period and up to the Latest Practicable Date, we had encountered 21 incidents of default by purchasers which resulted in our Group having to repay all outstanding amounts, in aggregate, of RMB12.1 million owed by the purchaser to the mortgagee banks under the loan. 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."

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Project Completion and Delivery

We strive to deliver completed properties to our customers within the time frame prescribed in the respective pre-sale or sale and purchase contracts. Before delivery of properties to our customers, we may obtain the relevant completion certificate (房屋建築工程竣工驗收備案表) or other certificates as required under the respective sales contracts as well as the local laws and regulations. See “Regulatory Overview — Real Estate Transactions — Sale of Commodity Properties” for further details. It typically takes approximately one to two years from the commencement of pre-sale to the date of the completion certificate, depending on the scale of the properties. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant delays in the completion of our projects or delivery of relevant title documents after sales.

To help ensure timely delivery of our properties, we closely monitor the progress of construction of our projects and conduct pre-delivery property inspections. Our construction management department and customer relationship department jointly inspect the properties prior to delivery to ensure that our quality standard has been met. Our staff will notify our customers in writing before the delivery date stipulated in the sale and purchase agreements to arrange the delivery procedures.

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 real estate rights certificate for each property unit afterwards.

We do not conduct independent credit checks and due diligences as to our purchasers when providing guarantees but instead rely on the credit checks conducted by the mortgagee banks, and will typically require a higher initial payments to purchasers with less than ideal credit histories or purchasers whose mortgage is considered too high as compared to their income. In addition, for certain purchasers that have been delinquent in their other financing obligations, we may refuse to provide guarantees for their mortgage loans. During the Track Record Period and up to the Latest Practicable Date, we only encountered a limited number of incidents of default by purchasers under the formal sale and purchase agreement entered into at the pre-sale stage. In accordance with the sale and purchase agreements, we have taken measures including negotiation and litigation to recover damages due to the buyer’s breach of the formal sale and purchase agreements. Upon executing the formal sale and purchase agreements, customers are required to pay in full the total purchase price. As advised by our PRC Legal Advisers, generally the purchasers have no contractual right to terminate the formal sale and purchase agreement or request for refund of the purchase price entered into at the pre-sale stage due to the subsequent changes in the market price of the properties. Our Directors are therefore of the view that the likelihood that the customers would default under the formal sale and purchase agreements entered into at pre-sale stage is remote.

According to our accounting policies, our revenue is recognized at a point in time or over time, depending on the terms of the pre-sale/sales contracts and the applicable laws and regulations. The recognition of our revenue from sales of properties is not subject to the grant of the property ownership certificates or real estate certificates to our customers.

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Our customer relationship department and the property management companies the customers engage are responsible for after-sales services. We aim to resolve our customers' queries in relation to property construction in a timely manner.

After-sales Services

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》) and Regulations on the Administration of Quality of Construction Works (《建設工程質量管理條例》). In addition, we also provide quality warranties for certain fittings and fixtures, if applicable, usually for a period of two years, according to the published national standards.

In particular, we provide the following warranties, amongst 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;
- five-year warranty for defects relating to the waterproofing of bathrooms, rooms and walls;
- two-year warranty with respect to the heater and air conditioner systems;
- two-year warranty with respect to the electricity, sewage pipes and equipment installment; and
- two-year warranty with respect to the refined decoration work.

All warranty periods commence on the day of actual delivery of the relevant properties, or 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. We do not maintain provisions with respect to warranties.

We may receive customer claims in relation to the quality of real estate properties that we developed from time to time. Generally, we coordinate with the relevant third-party contractors to respond to such customer claims. Relevant third-party contractors shall be responsible for the repair or maintenance at their own costs subject to the warranties provided in the agreements that they entered with us. During the Track Record Period,

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we had not been involved in any material claims or received any material complaints with respect to the quality of our building structures or other fittings which cannot be rectified by the relevant contractors in accordance with their warranty provisions of the relevant contracts.

After-Sales Services

We rely on our marketing and customer service center to provide after-sale services. Our customer service team is responsible for collecting and analyzing customer evaluations and feedback through customer satisfaction surveys in order to improve service quality, identify customer preferences and provide such feedbacks to the construction management team to further improve our operation, including project design and marketing strategies. In addition, we established our national customer service hot line in late 2017 in order to provide a more convenient and efficient way to respond and serve our customers. Our customers select property management companies to provide property management services. We from time to time receive repair and maintenance requests and advisory enquiries, including a limited number of customer complaints about the quality of our properties, primarily due to minor construction and installation defects.

In addition, we are also subject to a limited number of customer complaints in relation to the delay in delivery of property title documents subject to the purchase agreements entered into with our customers and mortgage agreements entered into with our customers, the commercial banks and us, due to various reasons, including longer time required for completing the relevant procedures than expected or delay in commencing the relevant procedures, such as the examining procedure by the relevant land use right authorities and the registration, approval and certificate production procedures by the relevant property right authorities. We have increased our communication with the relevant government authorities to actively follow up on the status of certificate applications, aiming to speed up the registration and approval process. Except as otherwise disclosed in the prospectus, 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.

Our PRC Legal Advisers, are of the opinion that our failure to deliver the title documents timely to customers as prescribed by contracts may result in default liabilities, but we should not be regarded as contravening any applicable PRC law.

Project Financing

The real estate development industry is capital intensive and financing is an important source of funding for property development. During the Track Record Period, we employed diversified financing channels to finance our operations primarily through internally generated cash flows including proceeds from the pre-sale/sale of our properties, as well as external financings, such as borrowings from commercial banks, trust loans, asset management arrangements, other borrowings from third parties (other than banks and financial institutions), and capital contribution from non-controlling shareholders.

With respect to an individual project, the financing methods we may adopt generally depend on the status of the development of such project, namely (i) the front-end financing stage, (ii) the construction stage, and (iii) the pre-sales stage.

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During the front-end financing stage, which represents the period from site selection and land acquisition to the issue of land use right certificate, we require capital mainly for the payments of the costs of acquisitions of land parcels or target project companies. As provided by the Guidance for Commercial Banks on Risks of Real Estate Loans (商業銀行房地產貸款風險管理指引) (the “**Guidance**”), no loans shall be granted to projects which have not obtained requisite land use right certificates, construction land planning licenses, construction work planning permits and construction work commencement permits. See “Regulatory Overview — Real estate financing — Loans to real estate development enterprises” for further details. Therefore, the payments of costs of acquisitions of land parcels or project companies will mainly be financed by capital contribution from non-controlling shareholders of subsidiaries, advances from companies controlled by the ultimate controlling shareholders, advances from the non-controlling shareholders of subsidiaries, internal funds of the Group (mainly derived from the pre-sales and sales delivered during the corresponding financial year), unsecured entrusted bank loans and asset management arrangements. Our Group had initially relied on advances from companies controlled by the ultimate controlling shareholders to fund the land acquisition of the subsidiaries of the Group. Our Group will cease to rely on such source of financing after Listing.

During the project development stage (before pre-sales), which represents the period from the issue of land use right certificate to the grant of pre-sales permit, we would have obtained the requisite permits and license under the Guidance, and therefore, the construction and development costs of the projects will mainly be financed by bank borrowings, trust loans and asset management arrangements, which are usually secured by the relevant land use rights, as well as the surplus funds from the front-end financing stage.

During the project development stage (after pre-sales), which represents the period from the grant of pre-sales permit to the completion and delivery of the project, we generally launch pre-sale upon the receipt of pre-sales permits, and the construction and development costs of the project can be satisfied by the proceeds from the pre-sales according to the PRC laws and regulations. Subject to the requirement of adequate fund to be allocated to ensure the completion and delivery of the projects, some of the pre-sale proceeds may be used for the repayment of shareholders’ loans, bank borrowings and trust loans and asset management arrangements.

Upon the completion of a project, the surplus funds of the pre-sales proceeds which exceeds the requirement for the completion of such project will be remitted back by the project company to its shareholders, including our Group, after the settlement of construction and development costs and its repayment obligations to other stakeholders, so as to satisfy the financing needs of other projects of our Group. The final remittance of surplus funds by our project companies to their respective shareholders is typically in the form of dividend distribution upon the company’s voluntary liquidation which is subject to a number of preconditions, including (i) the completion and full delivery of the property project; (ii) the clearance of tax settlement; (iii) approvals from the board of directors and shareholders of the relevant project company; and (iv) the requirements set out in the company’s articles of associations in relation to dividend distribution and liquidation such as procedural requirements for the preparation of financial statements and the valuation of the company’s equity interests, other agreements among the shareholders in terms of profit sharing and dividend distribution, if any, and the PRC laws and regulations. Since the time required for the project companies to fulfill the above preconditions for voluntary liquidations is expected to be approximately 18 to 24 months after the full delivery of the projects, a portion of surplus funds of these project companies would be advanced to the relevant non-controlling shareholders and

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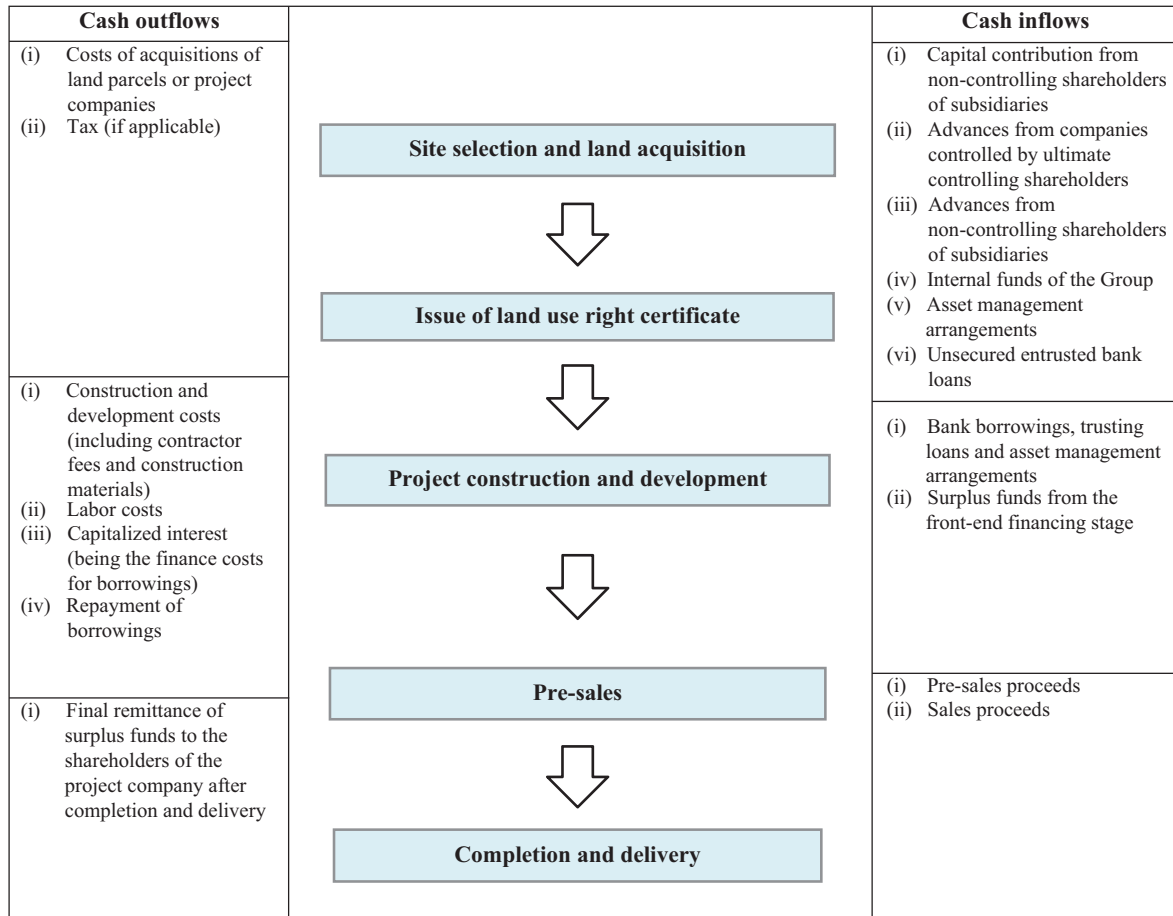
such an advance would be eventually offset by the dividends which would be declared upon the satisfaction of the preconditions for voluntary liquidation. To the best knowledge and belief of our Directors, these non-controlling shareholders would consider various factors, including but not limited to the expected rate of investment return and other available investment opportunities, and reinvest to other project companies of our Group. We expect that around ten project companies will fulfil the preconditions for voluntary liquidation by December 31, 2020.

The following table sets forth the approximate proportion of financing obtained under various channels to finance the aggregate land premium and acquisition costs of land parcels acquired by the subsidiaries of our Group throughout the years ended December 31, 2015, 2016, 2017 and 2018:

| | <u>Approximate percentage (%)</u> |
|---|-----------------------------------|
| Asset management arrangements | 50 |
| Advances from non-controlling shareholders of subsidiaries | 24 |
| Advances from companies controlled by ultimate controlling shareholders | 7 |
| Capital contribution from non-controlling shareholders of subsidiaries | 4 |
| Internal funds of the Group (mainly derived from the pre-sales and sales delivered during the corresponding financial year) | 14 |
| Unsecured entrusted bank loans | <u>1</u> |
| Total | <u><u>100</u></u> |

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Typically, the cash flow requirement of an individual project is self-sustainable after the front-end financing stage and land parcels have been acquired. Subsequent project development costs will be financed by bank borrowings, trust loans and asset management arrangements, as well as the pre-sale proceeds. The diagram below sets forth the general fund flows for our standardized real estate development processes:



We have assigned dedicated staff from investment and financing teams who are responsible for financing risk management, which we believe is critical for our rapid but solid business development. Our investment team makes assessments about the profitability of a potential project and monitors and advises necessary adjustments during the development process of an existing project until it is fully completed and delivered. Our financing team determines and optimizes the financing plan that is most suitable for each project on a continuous basis and monitors the overall indebtedness level of our Group. Our financing team also collects and studies central and local government policies so as to assess the financing environment for real estate developers, and then makes adjustments to our financing plans as appropriate to better control our financing costs. For more details about our indebtedness during the Track Record Period, refer to “Financial Information — Indebtedness.”

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MANAGEMENT OF COMMERCIAL PROPERTIES

Our Commercial Properties

We have commenced the development of commercial properties. Currently, our commercial properties primarily consist of retail spaces adjacent to our residential properties and shopping malls.

We hold and operate a portion of our commercial properties for long-term investment purpose, which enables us to diversify our investment portfolio, generate a stable revenue stream and leverage the potential asset value appreciation. We determine whether our properties will be sold or retained for investment purpose in the early stages of development for each of our projects and primarily consider property types such as shopping malls, long-term rental apartments and hotels, which are typically associated with long-term stable revenue. We will also take into consideration various factors, such as primary location in a city, land use plans, regional market conditions, supporting commercial facilities and our commercial interests. Although we currently focus on the development of residential properties for sale, we will in the future increase our investment property portfolio in response to changing market conditions and customer demand.

As part of our standardized real estate development processes, we are also in the process of developing and optimizing our standardized modules and procedures for the investment decision, product design, construction and operation standards for commercial properties.

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As of March 31, 2019 we had ten projects with investment properties with an aggregate GFA of approximately 93.4 thousand sq.m., including five with completed investment properties with a total GFA of approximately 52.5 thousand sq.m. and remaining five with investment properties under development with a total planned GFA of approximately 40.9 thousand sq.m. The following table sets forth our investment properties as of March 31, 2019.

| <u>City</u> | <u>Project Name</u> | <u>Actual/Estimated Construction Completion Date</u> | <u>Actual/Planned Total GFA Held for Investment (in sq.m.)</u> |
|------------------------|---|--|--|
| Wenzhou | Wenzhou Longwan Dragon Grand Court (溫州龍灣首府) | November 2017 | 32,309 |
| Wenzhou | Pingyang Zhongliang Glory Mansion (平陽中梁國賓天下) | November 2017 | 12,044 |
| Ganzhou | Ganzhou Zhongliang Jiangdu Mansion (贛州中梁江督府) | March 2019 | 1,742 |
| Ganzhou | Ruijin Zhongliang Fortune Garden (瑞金中梁瑞園) | August 2019 | 7,560 |
| Taizhou | Sanmen Zhongliang Royal Mansion (三門中梁國賓天下) | February 2019 | 5,381 |
| Changsha | Ningxiang Zhongliang Capital Park (寧鄉中梁首府) | July 2019 | 9,064 |
| Dazhou | Dazhou Zhongliang Capital Park (達洲中梁首府) | December 2019 | 14,139 |
| Yancheng | Dongtai Zhongliang Royal Park (東台中梁國賓府) | June 2019 | 5,583 |
| Lishui | Qingtian Zhongliang Joy Plaza (青田中梁百悅城) | November 2019 | 4,527 |
| Jinhua | Lanxi Zhongliang Joy International Park (蘭溪中梁百悅國際) | December 2018 | 1,055 |
| Total | | | <u>93,404</u> |

Lease Agreements

We have commenced the development of our investment properties during the Track Record Period and entered into lease agreements with potential tenants. As of the Latest Practicable Date, construction of six of our investment properties had been completed and two of them had officially commenced operation. We have entered into long-term lease agreements with a supermarket and a cinema operator. Our leases are at a fixed rate subject to periodic adjustments with performance premium component. Leases are generally calculated as the higher of (i) fixed rates during a pre-determined period and then escalates based on an agreed upon rate through the remainder of the lease term, generally through an annual percentage increase; or (ii) performance premiums calculated based on a pre-determined percentage of the retail gross revenue of the tenants. We started to generate revenue from such leases from the second half of 2018 and recorded revenues of approximately RMB4.4 million derived from property lease in the year ended December 31, 2018.

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MANAGEMENT CONSULTING

Leveraging our established experience and expertise in developing property projects, since October 2016, we commenced to provide management consulting services to certain of our related parties and a limited number of third-party real estate developers, which mainly include the provision of supporting and consulting services to these entities in connection with construction, sales and marketing, and overall management during the development of their property projects. Such real estate developers are primarily small-scale start-up entities without sufficient real estate development experience, and generally do not amount to any direct competition against us. On the contrary, through provision of the management consulting services, we intend to identify potential business partners and establish strategic cooperation relationship with them that we may partner with to acquire land parcels and/or jointly development property projects in the future.

We do not expect this business line to grow significantly in the near future. In addition, we have been focusing, and expect to continue to focus on providing such services mainly to our related parties, including our joint ventures and associates.

PROPERTY MANAGEMENT

Historically, we were involved in certain ancillary businesses including in property management services mainly to demonstration areas and decorated model homes of projects developed by us and our related parties. During the Track Record Period, revenue derived from our property management services amounted to nil, RMB7.2 million and RMB6.3 million for the years ended December 31, 2016, 2017 and 2018, respectively.

We excluded such ancillary businesses from our Group upon our Reorganization since April 2018.

SUPPLIERS AND CUSTOMERS

Our major suppliers are construction material suppliers and construction contractors. During the Track Record Period, we engaged a large number of major suppliers to operate our businesses. Some of our general contractors and subcontractors are local level operating entities owned or controlled by group companies in China. Although we transacted with such local level 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, purchases from our five largest suppliers accounted for approximately 32.5%, 29.7% and 19.1% of our total purchases for the years ended December 31, 2016, 2017 and 2018, respectively. Purchases from our single largest supplier for the years ended December 31, 2016, 2017 and 2018 accounted for approximately 9.6%, 7.4% and 6.8% of our total purchases, respectively. As of the Latest Practicable Date, our business relationships with these major suppliers had generally been over two years.

We believe construction industry in China is generally competitive and fragmented and construction contractors are readily available. During the Track Record Period, we engaged a large number of general contractors and subcontractors and 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 service and raw materials in the quantity and quality meeting our requirements.

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Our customers are mainly individual and corporate purchasers of our residential or commercial properties. Due to the nature of our business, during the Track Record Period, revenue contributed by our five largest customers accounted for less than 4.0% of our total revenue in each of the years ended December 31, 2016, 2017 and 2018, respectively. No single largest customer contributed for over 1.5% of our total revenue in each of the years ended December 31, 2016, 2017 and 2018. Except for one customer of our management consulting services in 2017 which was a joint venture of us and one customer of our management consulting and property management services in 2016 and 2017 which was a subsidiary of Zhejiang Tianjian, all the remaining five largest customers during the Track Record Period were independent third parties from us.

None of our Directors, their 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, has any interest in any of our five largest suppliers or five largest customers during the Track Record Period.

AWARDS AND RECOGNITIONS

We are a member of the China Real Estate Trade Association. Our PRC subsidiaries and our projects have also won a number of prizes and awards. The below table sets forth a summary of the key awards and certificates of our Group or our properties as of the Latest Practicable Date.

| <u>Project/Recipient</u> | <u>Award/Recognition</u> | <u>Awarding Authority</u> | <u>Year</u> |
|--|---|--|-------------|
| Shanghai Zhongliang Real Estate* | A top 20 real estate developer in China and a top 10 real estate developer in China in terms of development potential | China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Center | 2019 |
| Shanghai Zhongliang Real Estate | A top 25 real estate developer in China | China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Center | 2018 |
| Shanghai Zhongliang Real Estate | A top 10 real estate developer in terms of financing capability and the 29th in terms of comprehensive development capability among top 100 real estate developers in China | Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業研究所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy | 2018 |

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| <u>Project/Recipient</u> | <u>Award/Recognition</u> | <u>Awarding Authority</u> | <u>Year</u> |
|--|--|--|-------------|
| Shanghai Zhongliang Real Estate | A top 10 real estate developer in China in terms of best growth (中國房地產百強企業 – 成長性 Top 10) | Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業研究所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy | 2016-2018 |
| Wenzhou Zhongliang Capital ONE (溫州中梁首府壹號院) | Merit Award of the 4 th China Real Estate Design Award (中國地產設計大獎優秀獎) | DJSER.com (中國地產建築師網) | 2018 |
| Quzhou Zhongliang Royal Park (衢州中梁國賓府) | A nominee of the 13 th Golden Project | Time Property Magazine | 2018 |
| Jiangyin Zhongliang THE ONE (江陰中梁壹號院) | Three-Star Green Building Certificate | Department of Housing and Urban-rural Development of Jiangyin City | 2017 |
| Shanghai Zhongliang Real Estate* | China Architecture Temple of Heaven Award (中國建築天壇獎) — Model Real Estate Enterprise of Demonstration Project in China (中國房地產示範工程典範企業) | China Real Estate Business Magazine, China Real Estate Business Network (www.creb.com.cn) and China Real Estate Think Bank (中房智庫) | 2018 |
| Shanghai Zhongliang Real Estate* | Innovative Benchmarking Real Estate Enterprise in China (中國房地產創新標竿企業) | China Real Estate Business Magazine, China Real Estate Business Network (www.creb.com.cn) and China Real Estate Think Bank (中房智庫) | 2018 |
| Jiaxing Zhongliang Wuyue Capital Park (嘉興中梁吳越首府) | WELL-CS platinum pre-certification | International WELL Building Institute and U.S. Green Building Council | 2017 |
| Jiaxing Zhongliang Wuyue Capital Park (嘉興中梁吳越首府) | LEED-CS platinum pre-certification for LEED Building Design and Construction | International WELL Building Institute and U.S. Green Building Council | 2017 |

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| <u>Project/Recipient</u> | <u>Award/Recognition</u> | <u>Awarding Authority</u> | <u>Year</u> |
|--|---|--|-------------|
| Shanghai Zhongliang Real Estate* | The 19 th Among Top 20 Real Estate Developers in China in terms of Comprehensive Strengths | Yihan Zhiku (億翰智庫) | 2018 |
| Shanghai Zhongliang Real Estate* | Best 30 of China Real Estate Development Brand Value | China Real Estate Association and E-House China R&D Institute China Real Estate Appraisal Center | 2018 |
| Shanghai Zhongliang Real Estate | A top 30 comprehensive real estate developer in China | Yihan Zhiku (億翰智庫) | 2017 |
| Shanghai Zhongliang Real Estate | A top 30 real estate developer in China in terms of brand value | Yihan Zhiku (億翰智庫) | 2017 |
| Shanghai Zhongliang Real Estate | A top 10 real estate developer in China in terms of operational capability | Yihan Zhiku (億翰智庫) | 2017 |
| Shanghai Zhongliang Real Estate | A top 10 real estate developer in China in terms of best growth | Yihan Zhiku (億翰智庫) | 2017 |
| Shanghai Zhongliang Real Estate | A top 10 real estate developer in Shanghai | China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Center | 2017-2018 |
| Shanghai Zhongliang Real Estate | A top 10 real estate developer in China in terms of growth rate (中國房地產開發企業成長速度10強) | China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Center | 2017-2018 |
| Shanghai Zhongliang Real Estate | A top 10 real estate developer in China in terms of land bank | China Index Academy | 2016 |
| Shanghai Zhongliang Real Estate* | A top 3 most valuable real estate brand in eastern China (中國華東房地產公司品牌價值) | Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業研究所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy | 2015-2018 |

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| Project/Recipient | Award/Recognition | Awarding Authority | Year |
|---|---|--|-----------|
| Shanghai Zhongliang Real Estate | The Star Developer among the top 100 real estate developers in China (中國房地產百強企業 – 百強之星) | Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業研究所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy | 2014-2018 |
| Zhongliang Holdings Group Company Limited | The Annual Most Valuable Real Estate Enterprise in 2018 (2018中國價值地產總評榜年度價值地產企業) | National Business Daily | 2018 |
| Zhongliang Holdings Group Company Limited | The Employer with Most Growth Potential | www.zhaopin.com | 2018 |
| Zhongliang Holdings Group Company Limited | Poverty Alleviation Model in 2018 | International Finance News | 2018 |

* Awarded to our Company in September 2018, after our Reorganization

COMPETITION

The property market in China is highly fragmented and competitive. We face increasing competition from domestic national comprehensive developers, regional developers as well as other developers with strategies similar to ours, 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, due to our current geographic presence, we compete with national leading real estate developers that also establish presence in those cities.

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, 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 market industry is highly competitive” and “Risk Factors — Risks Relating to Our Business — We may not be successful in managing our growth and expansion into new cities and regions or new businesses.”

We believe that, with our proven property development capabilities, balanced investment portfolio and customer-oriented product offerings, we have demonstrated resiliency to market changes and competition.

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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. We conduct our business in the PRC under our “Zhongliang” brand name and as of the Latest Practicable Date, we had 47 registered trademarks in the PRC and five registered trademarks in Hong Kong. We are in the process of registering our trademark in Hong Kong. In addition, we have registered the domain name of www.zldcgroup.com for the website of our Group on the Internet. Further details of our intellectual property rights are set out in “Statutory and General Information — B. Further Information About Our Business — 2. Intellectual Property Rights of the Group” in Appendix V.

As of the Latest Practicable Date, we were not aware of any 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 real estate developers to maintain insurance coverage with respect to their property development operations. We do not maintain any insurance policies for our property development projects. 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 operations” for further details.

OWNED PROPERTIES FOR SELF-USE

As of Latest Practicable Date, we did not own properties for self-use.

LEASED PROPERTIES FOR SELF-USE

As of the Latest Practicable Date, we leased 216 properties in 91 cities in mainland China and Hong Kong with a total GFA of approximately 64,909 sq.m. mainly for our office premises and our product research and development base. Our leases generally have a term ranging from six months to six years, and we expect to renew the leases upon their expiry. All of the landlords are independent third parties from us.

As of the Latest Practicable Date, we failed to register 166 lease agreements mainly for our office premises with respect to properties with a total GFA of 42,434 sq.m. We sought cooperation from the landlords at the leased properties to register such executed lease agreements. Registration of lease agreements requires the

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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 Advisers, Commerce & Finance Law Offices, have advised us that the lack of registration will not affect the validity of these lease agreements. However, the relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time and, if we fail to so rectify, impose a fine of up to RMB10,000 for each unregistered lease agreement. See “Risk Factors — Risks Relating to Our Business — We may be subject to fines due to the lack of registration of our leases.” As of the Latest Practical Date, we had not received any rectification order or been subject to any fines in respect of non-registration of any of our lease agreements. Our Directors believe 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 ongoing compliance with the PRC law and regulations relating to the registration of executed lease agreements, where we execute a lease agreement as a tenant, we will continue to seek cooperation from the landlords of the leased properties to register executed lease agreements with the relevant government authorities and will adopt a variety of risk control measures to mitigate such regulatory risk in the future. We have improved our standard lease terms with our potential landlords. We have also established a detailed records of our leased properties with information including the status of the lease registration of office premises, to ensure timely registration of our leased properties. We believe we have implemented adequate and effective measures internally. However, as we do not control the landlords, there is no assurance whether and when our landlords with register the leases.

INFORMATION TECHNOLOGY

We rely on the effective operation of our IT systems for our business operations. We have a dedicated intelligent information management team which is responsible for developing and maintaining our IT systems in order to keep pace with the expansion of our business and is customized to meet our business needs. The centralized IT systems is controlled and operated from our headquarters.

Our IT systems facilitate efficient online management. We have implemented ERP system and OA system to facilitate, which are embedded multiple specialized modules that cover all major aspects of our operations, from product design, procurement, property development, human resources, financial and accounting, and customer services. Our standardized operating metrics, such as site selection and land acquisition criteria, are built in the centralized IT systems, which is linked to our office automation online approval function, ensuring that only procedures following our standardized modules can be approved and proceeded. Our streamlined and centralized IT systems reduce processing time and labor costs and increased efficiencies and productivity, as well as broadened inter-departmental coordination.

We face increasing security risks and threats from cyber-attacks with respect to our IT systems. We require our staff to follow our management guidelines on our IT systems and safeguard information in the system. To help combat such attacks, we have also established emergency recovery systems, keep regular backups of all the data in the system and are equipped with efficient anti-virus software. As of the Latest Practicable Date, we had not experienced any disruptions to our IT systems that materially impacted our business operations.

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We are currently in the process of upgrading our IT systems by further streamlining more functions to support our new business lines.

EMPLOYEES

As of December 31, 2016, 2017 and 2018 and the Latest Practicable Date, we had 2,150, 6,360, 12,525 and 12,589 full-time employees, respectively, substantially all of whom were based in China. The following table sets forth a breakdown of our full-time employees by function as of the Latest Practicable Date:

| Function | Number of Employees | % of All Employees |
|---|----------------------|---------------------|
| Management | 229 | 1.8 |
| Construction management/quality control | 1,852 | 14.7 |
| Finance | 1,507 | 12.0 |
| Product design and development | 702 | 5.6 |
| Sales, marketing and customer services | 4,171 | 33.1 |
| General administrative and human resources | 967 | 7.7 |
| Operational management | 1,076 | 8.5 |
| Investment | 701 | 5.6 |
| Commercial properties and property management | 611 | 4.9 |
| Others | 773 | 6.1 |
| Total | <u>12,589</u> | <u>100.0</u> |

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 values our corporate culture, as well as those with relevant working experience. We have also established systematic training programs for our employees, such as management as well as marketing and sales personnel, based on their positions and expertise. We established our “Zhongliang Academy” in 2017, which aims to offer systematic training programs tailor-made for various positions, including training designed for newly recruited employees and training of specialized managerial skills for middle- to high-level management team members. We expect to leverage our “Zhongliang Academy” to deepen our employees’ awareness of our management philosophies, especially, the Amoeba Ecosystem, and to reinforce our corporate values among the employees so as to foster greater loyalty, job satisfaction, engagement and commitment to their work. Among the total of 12,589 employees as of the Latest Practicable Date, approximately 50.6% have obtained a bachelor’s degree and approximately 8.3% have obtained a master’s degree and above.

We offer our employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses. In addition, subject to our Amoeba Ecosystem, employees who participate in our Co-investment Schemes under our Amoeba Ecosystem may also be entitled to receive the benefit distribution derived from the relevant projects pursuant to the Co-investment Scheme and may also be rewarded additional bonuses when the project of the Amoeba unit he or she belongs to has achieved certain performance targets.

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We also contribute to social insurance for our employees, including basic medical insurance, work-related injury insurance, basic 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, 2016, 2017 and 2018, we incurred employee benefit expenses of RMB229.7 million, RMB426.2 million and RMB1,019.2 million, respectively, representing 7.9%, 3.0% and 3.4% of our total revenue, respectively. Our PRC Legal Advisers, have confirmed that, based on the confirmation letters issued from the competent authorities, we have complied with all applicable labor laws and regulations in the PRC in all material respects during the Track Record Period and up to the Latest Practicable Date. We confirm that there were no material labor disputes or labor-related legal proceedings against us during the Track Record Period.

During the Track Record Period and up to the Latest Practical Date, we complied with the applicable PRC labor regulations in all material respects and did not encounter any incident or complaint which had a material adverse effect on our operations.

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 law to undergo environmental impact procedures. We must submit the relevant environmental impact study report, environmental impact report form or environmental impact registration form to 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 emissions 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 each project which requires approval from the relevant environmental authorities, the relevant government authorities will also inspect the site to ensure that all applicable environmental standards have been complied with before the property can be delivered to the purchaser.

We take specific measures to ensure our compliance with the applicable environmental laws and regulations, including: (i) strictly selecting construction contractors and supervising the process of construction; (ii) going through procedures with the environmental authority as required by the laws and regulations, including applying for review by the relevant government authorities in a timely manner after the project is completed; and (iii) actively adopting environmentally friendly equipment and designs.

We also take voluntary actions with respect to environmental protection and make energy conservation and emission reduction top considerations when designing our property projects. For the years ended December 31, 2016, 2017 and 2018, we incurred environmental compliance costs of approximately RMB4.5 million, RMB18.5 million and RMB15.2 million, respectively. 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.

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None of our properties had received any fines or penalties associated with the breach of any environmental laws or regulations that would have a material adverse impact on our business operations or financial position since the commencement of their operations and up to the Latest Practical Date.

SAFETY MATTERS

Under PRC laws and regulations, we, as a real estate developer, have very limited potential liabilities to the workers on and visitors to our construction sites, most of which rest with our contractors. Under 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 effective on March 1, 1998, as amended on April 22, 2011, the construction contractor assumes responsibility for the safety of the construction site. The general contractor will take overall responsibility for the site, and the subcontractors are required to comply with the protective measures adopted by the general contractor. In addition, a contractor is required to adopt effective safety measures to provide workers with necessary protective devices and to offer safety training to workers.

To the best of our knowledge, save as disclosed below, there had been no material non-compliance of the safety laws and regulations by us, our general contractors or subcontractors on the construction sites of our projects during the Track Record Period.

Construction Site Accident of Xuzhou Xuxin

Accident and the Relevant Government's Investigation

Xuzhou Xuxin is the project company developing a portion of our property project, Xuzhou Zhongliang Shanti Mansion (the "A3 Land Parcel"), which is located in Xuzhou, Jiangsu Province. The general contractor of the construction on the A3 Land Parcel was Changye Construction Group Co., Ltd., (長業建設集團有限公司) or Changye Construction, and the corresponding supervisory company was Xuzhou CMUT Construction Design and Consulting Research Co., Ltd., (徐州中國礦業大學建築設計諮詢研究院有限公司), or CUMT Consulting. Construction of the A3 Land Parcel commenced in June 2017. On August 1, 2017, during the demolition work of a temporary deck structure located on the A3 Land Parcel, the deck structure accidentally collapsed and resulted in the death of five construction workers and injury to another one.

Construction of this project was suspended immediately after the accident and local government authorities formed an investigation team to conduct on-site inspections. In October 2017, the investigation team reported and concluded that the accident was a major work safety accident, which happened directly because (i) the demolition work did not comply with the construction work standards and procedures, as well as the relevant safety requirements that, among others, demolition working plans, safety measures and technical clarification be adequately prepared before the commencement of any demolition work, and safety supervisors be present; and (ii) the deck structure involved in the accident was illegally erected at the request of Xuzhou Xuxin, to create an impression of advanced working progress for the purpose of obtaining pre-sales permits. The government's investigation team also found that the indirect reasons for this accident included (i) the management and operation of Changye Construction, the general contractor of this project, failed to meet the relevant industrial standards, which included that (a) the relevant project managers did not sufficiently and appropriately perform

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their management obligations, (b) the construction team did not deliver adequate technical clarifications and demolition working plans, (c) the on-site supervisors did not sufficiently and appropriately perform their obligations to identify and eliminate the hidden risks in time, and (d) Changye Construction failed to adequately train and educate its construction workers; (ii) CUMT Consulting, the supervisory company of this project, failed to perform its supervising obligations on site, (iii) the relevant officers from local city-level authorities, including the construction bureau, planning bureau and bureau of housing administration, were negligent in reviewing and issuing the pre-sales permits to Xuzhou Xuxin, and (iv) the local city- and district-level construction bureaus were negligent in supervising the illegal construction work.

As such, the investigation team concluded that Xuzhou Xuxin, Changye Construction and CUMT Consulting were responsible for this accident and proposed certain administrative penalties for each of these entities. These proposed punishments were reaffirmed later by an announcement of the construction bureau of Xuzhou city in January 2018.

In addition, the investigation team also concluded that certain individuals were responsible for this accident and proposed certain penalties for each of these persons, including, as the case may be, criminal charges, disqualification from office, monetary fines and administrative punishments. These individuals included (i) former business manager, former project manager, former legal representative and chairman of board and former civil construction engineer of Xuzhou Xuxin, (ii) 13 employees of Changye Construction and CUMT Consulting, and (iii) 12 relevant officers from local city- and district-level construction bureaus, the planning bureaus and the bureaus of housing administration.

Consequences on Xuzhou Xuxin and Relevant Personnel

According to the formal administrative punishment decision from the Work Safety Supervision Bureau of Xuzhou city in January 2018, Xuzhou Xuxin was imposed a fine of RMB1.0 million which was fully paid in March 2018. The Work Safety Law of the People's Republic of China (《安全生產法》) prescribes that when a work safety accident occurs, the production or business operation entity that is liable therefor shall be fined by the work safety supervision and administration department, in the event of occurrence of a major work safety accident, a fine of no less than RMB500,000 but no more than RMB1.0 million. The Law of the People's Republic of China on Administrative Penalty (《中華人民共和國行政處罰法》) prescribes that for the same illegal act committed by a party, the party shall not be given an administrative penalty of fine for more than once. Taking into account the applicable rules above and the fact that Xuzhou Xuxin had fully settled the penalty, our PRC Legal Advisers are of the view that the risk that Xuzhou Xuxin will be subject to further administrative penalty as a result of the accident from the relevant Work Safety Supervision Bureau of Xuzhou city is remote.

Pursuant to the administrative punishment decision, the former legal representative and chairman of the board and the responsible civil construction engineer of Xuzhou Xuxin were fined RMB40,000 and RMB10,000, respectively, both of which was fully paid in January 2018. In addition, the former business manager and the responsible project manager of Xuzhou Xuxin were prosecuted and sentenced an imprisonment of three years and three months in July 2018 and imprisonment of three years in September 2018, respectively. These individuals were no longer our employees as of the Latest Practicable Date. Immediately after the incident, we established a dedicated emergency command center comprising a vice president and an assistant president from

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our headquarters, a vice president, an assistant president and the general counsel from the relevant regional group company as well as the chairman of the relevant regional company, to conduct internal inspection and cooperate with the government's investigation. We also appointed a new chairman of Xuzhou Xuxin in January 2018.

Construction of the remaining portion of this project that was not affected by the accident was resumed in September 2017. With regard to the A3 Land Parcel, we terminated the business relationship with Changye Construction and engaged two new general contractors through a public tender process to resume the construction on the A3 Land Parcel. Construction on the A3 Land Parcel resumed in December 2017 after the new construction work commencement permits were issued.

In addition, we had entered into settlement agreements with the family representatives of those five deceased construction workers and agreed to make one-off compensatory payments in the aggregate amount of RMB6.2 million, which was fully settled. As advised by our PRC Legal Advisers, a construction contractor shall be responsible for the safety of the construction site. As such, we believe we are entitled to and are in the process of seeking indemnification from Changye Construction for the amount of compensatory payments that they are responsible for. As part of the settlement agreements, the family representatives of the five deceased workers have agreed not to file any additional claims against us, the relevant government authorities or any other relevant parties in connection with this incident. As for the injured worker, we have paid, on behalf of Changye Construction, the medical compensatory payment of approximately RMB453,000. The injured worker is still under medical treatment. Neither Changye Construction nor us had entered into a settlement agreement with him as of the Latest Practicable Date.

Other Potential Legal Consequences

Prior to the incident, Xuzhou Xuxin had obtained three pre-sales permits (the “**Initial Pre-sales Permits**”) for 965 residential units with an aggregate saleable GFA of 114,424 sq.m. in July 2017 and the initial pre-sales for these units had commenced on July 30, 2017. As of the Latest Practicable Date, no Initial Pre-sales Permits had been revoked. The local bureau of housing administration suspended the online pre-sale filing process of the pre-sale agreements with respect to this project after the accident to cooperate with the government's investigation. Subject to the subsequent rectification measures taken by us, the bureau of housing administration consented to re-open the online pre-sale filing process for this project in batch since February 2018. The online pre-sale filing process for the initial 965 residential units had been completed by September 2018. In addition, from April to September 2018, we obtained additional pre-sales permits for all of the remaining residential units of this project with an aggregate saleable GFA of 200,170 sq.m. As of the Latest Practicable Date, 2,601 out of a total of 2,602 residential units had been pre-sold with a total contracted amount of approximately RMB2,208.8 million. Other than the slight delay in the online pre-sale filing process for the 965 units under initial pre-sales, we believe there is no material adverse impact on the sales of this project due to the accident.

The Measures for Administration of Pre-sales of Commercial Residential Properties (《城市商品房預售管理辦法》) provides that if a real estate development enterprise obtains the pre-sales permit of the commercial residential properties by concealing the relevant information, providing false materials, fraud, bribery or other improper means, the real property administrative department shall suspend pre-sales, revoke pre-sales permits and impose a fine of RMB30,000. The Administrative Regulations on Urban Real Estate Development and

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Operation (《城市房地產開發經營管理條例》) provides that once a real estate development enterprise commences pre-sales, it shall present purchasers with the relevant pre-sales permits for such properties, and after signing the pre-sales contract, the real estate development enterprise shall complete the filing for record process with the relevant authority. Based on the facts that the Initial Pre-sales Permits for properties relating to the accident had not been revoked after the accident and upto the Latest Practicable Date, and the online pre-sales filing for record process for all the residential units related to the Initial Pre-sales Permits was re-opened in February 2018 and the online pre-sale filing process for the initial 965 residential units had been completed by September 2018, our PRC Legal Advisers are of the view that the Initial Pre-sales Permits are valid and the pre-sales contracts between the purchasers and Xuzhou Xuxin are legal, valid and binding under the PRC laws as of the Latest Practicable Date.

Our PRC Legal Advisers are also of the view that (i) in accordance with the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》), Xuzhou Xuxin may be subject to a fine of not more than one time of the cost of the temporary construction of the deck structure by the competent planning bureau for its engagement in temporary construction without planning approval; and (ii) that 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》), Xuzhou Xuxin may be subject to a fine of between 1% and 2% of the contract price of the temporary construction of the deck structure by the competent construction bureau for its engagement in temporary construction without construction work commencement approval.

Based on the above mentioned opinions of our PRC Legal Advisers and considering that (i) we had fully paid the administrative penalties imposed by the relevant government authority, (ii) we have adopted necessary remedial measures, (iii) we experienced no obstacle in obtaining additional pre-sales permits and proceeding with the online pre-sales filing procedures for the remaining residential units of this project after the accident, and (iv) during the period from the accident up to the Latest Practicable Date, we had not received any notice nor where we aware of any indication from the competent government authorities' to revoke the Initial Pre-sales Permits, our Directors are of the view that the risk of the Initial Pre-sales Permits being revoked by the competent government authorities is remote. Regarding the temporary construction of the deck structure, based on the facts that it had been completely demolished after the incident and the total estimated construction cost of the deck structure was approximately RMB0.3 million, our Directors believe that we will not be materially and adversely affected by any potential penalties to be imposed by the relevant planning or construction bureaus in connection with the temporary construction, even though the risk of such penalties is remote. Our Directors believe that the accident and its actual and potential consequences, including the penalties imposed on us in connection with this accident, did not have any material adverse impact on our business operations and financial results.

Enhanced Internal Control Measures

We believe the incident was partially due to our failure to provide adequate training and safety education to our employees and effectively monitor our project development process. To avoid similar incidents in the future, we have reviewed our existing work safety related internal control policies and have updated such policies with details, requirements and evaluation mechanism. We have also reviewed our safety supervision responsibilities and clarified and optimized the allocation of such responsibilities among regional group companies and local project companies. We require each regional group company to establish a work safety supervision team, which

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is directly led by the president of the regional group company. We also require the general contractor to assign a dedicated work safety supervisor for each project. In addition, we require our regional group companies to organize safety trainings and education programs to enhance our employees' safety awareness. We believe these enhanced internal control measures are adequate and effective. Our Internal Control Consultant performed follow-up review in October 2018 and confirmed that the remedial measures have been properly and effectively implemented. The Internal Control Consultant did not notice any material deficiencies in our enhanced internal control measures regarding the abovementioned safety matters.

LEGAL PROCEEDINGS

We have been involved in legal proceedings or disputes from time to time in the ordinary course of business, including claims primarily relating to disputes arising from agreements with third party contractors and suppliers, property purchase agreements with our customers and our guarantee of mortgage agreements entered into between our customers and mortgage banks, or other third parties.

Our Directors confirm that, as of the Latest Practicable Date, there were no legal proceedings or claims currently existing, pending or threatened against any member of our Group that we consider will have a material impact on us. As such, we did not make any provisions for any legal proceedings or claims during the Track Record Period.

Disputing Land Parcel in Connection with Dongtai Gujia

In June 2017, one of our project companies, Dongtai Gujia, was listed as the respondent in an arbitration by the local land authority of Dongtai city, Jiangsu Province, which requested Dongtai Gujia to pay outstanding land premiums of RMB23.5 million and related penalties for breach of contract.

Gujia Real Estate Investment (Hangzhou) Ltd. Co., (顧家實業投資(杭州)有限公司), or Gujia Real Estate, an independent third party, entered into land grant contracts with the local land authority in June 2014 in connection with three land parcels with an aggregate site area of 99,942 sq.m. Subject to a supplementary agreement with the relevant land authority, the relevant land parcels would be granted to Dongtai Gujia directly, and Gujia Real Estate and Dongtai Gujia undertook to take joint and several responsibility under the original contracts. One of the three land parcels with a site area of 13,186 sq.m. was subsequently found to be subject to potential disputes with the residents of the adjacent residential communities due to certain planning designs of the property project (the “**Disputing Land Parcel**”). Despite several communications initiated by Gujia Real Estate and Dongtai Gujia with the land authority since 2014, the land authority decided to suspend administrative procedures in connection with the development of the Disputing Land Parcel. The total land premium for the Disputing Land Parcel was approximately RMB29.5 million, subject to the relevant land grant contract, which shall be settled in four installment payments. In May 2014, Gujia Real Estate had paid a deposit of RMB6.0 million and related tax surcharges of approximately RMB0.9 million, but had not paid the balance of land premiums since then, therefore had not obtained the relevant land use right certificate for the Disputing Land Parcel.

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The legal titles and the development process of the remaining two land parcels with an aggregate site area of 86,756 sq.m. were not affected. Dongtai Gujia had obtained the relevant land use right certificates for these two land parcels and the construction of the relevant property project, namely Dongtai Zhongliang Royal Park (東台中梁國賓府), had commenced in late 2016 and is expected to be completed in 2019.

In July 2016, we acquired a 100% equity interest in Dongtai Gujia from an individual shareholder and Gujia Real Estate. Total consideration for this transaction was RMB335.5 million, which does not reflect the estimated valuation of the Disputing Land Parcel as Dongtai Gujia had not obtained such land use right. After evaluation, we decided not to engage in the development of the Disputing Land Parcel. Subsequently in June 2017, we entered into a supplementary agreement with the original shareholders of Dongtai Gujia, under which Gujia Real Estate agreed to coordinate with the local land authority to terminate the original land grant contract with respect to the Disputing Land Parcel, settle all issues relating to the Disputing Land Parcel and bear all related or consequential expenses. It was mutually agreed that we could withhold RMB53.9 million from the transaction consideration, which will be paid after the issue of the land use right of the Disputing Land Parcel has been settled in a manner satisfactory to us and related costs and expenses incurred by us, if any, are fully indemnified.

Pursuant to the original land grant contract, the local land authority filed an application with the local arbitration committee in June 2017 to claim the outstanding land premiums and related penalties from Dongtai Gujia. In April 2019, the relevant arbitration committee awarded a decision in favor of the local land authority, requesting, among others, Dongtai Gujia to pay the outstanding land premium of RMB23.5 million and a default penalty fee of RMB11.8 million to the local land authority.

Gujia Real Estate also filed an arbitration application in July 2017 against the local land authority, requesting to terminate the original land grant contract and retrieve the deposits and related tax surcharges it had paid. The application was rejected by the relevant arbitration committee in April 2019.

Subsequently, in May 2019, the local land authority, Dongtai Gujia, Gujia Real Estate and a newly established company wholly-owned by Gujia Real Estate entered into a supplementary agreement, pursuant to which, all parties agreed, among others, that (i) the land use right of the Disputing Land Parcel will be directly granted to the new subsidiary of Gujia Real Estate by the local land authority; and (ii) the outstanding land premium, the default penalty fee and other miscellaneous expenses payable as provided in the abovementioned arbitration awards shall be jointly borne by Gujia Real Estate and its new subsidiary. Dongtai Gujia shall not be responsible for any payment under these arbitration determinations. As of the Latest Practicable Date, the total amounts payable by Gujia Real Estate and its new subsidiary had been settled in full and the cases are concluded.

COMPLIANCE WITH LAWS AND REGULATIONS

As of the Latest Practicable Date and save as disclosed in the prospectus, we had, in all material respects, complied with all the relevant and applicable PRC laws and regulations and we had obtained all licenses, permits and certificates for the purpose of operating our business.

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As of the Latest Practicable Date, except for newly incorporated subsidiaries and subsidiaries for which the qualification certifications are currently being renewed, all of our PRC subsidiaries engaging in the property development operations had obtained qualification certifications for real property development. We intend to continue to apply for new certificates for newly established project companies, and renew certificates for existing project companies upon their expiration.

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, requisite government approvals or licenses in carrying out our property development and management operations.”

Non-compliance Incidents

During the Track Record Period, we experienced certain non-compliance incidents. Summaries of such incidents are set forth below.

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) proceeding with construction works before completing the re-inspection procedure for the relevant construction sites and obtaining requisite construction work planning permits; (ii) proceeding with construction works before obtaining requisite construction work commencement permits; (iii) proceeding with construction works before the relevant construction drawings were reviewed and approved by the relevant authorities, or (iv) construction works being inconsistent with the pre-approved construction drawings or plans.

During the Track Record Period and up to the Latest Practicable Date, 15 of our project companies were imposed monetary penalties for the above-mentioned non-compliances in an aggregate amount of approximately RMB5.4 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 works 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

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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 from or the confirmative responses subject to our enquires to the relevant local regulatory authorities confirmed that these non-compliance incidents are immaterial. 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 Advisers are 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-compliance 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

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 right 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 the colligation management department at our headquarters before undertaking any construction work for new projects or new project phases. To ensure our policy execution, we use development check points plan as an important metric in the performance review of our employees. Our supervision and auditing department and if applicable, our legal affairs department at the headquarters also conduct periodic or *ad hoc* wide scale inspections on all of our construction sites, evaluate issues detected and implement appropriate measures for rectification. Furthermore, we also engage an independent third-party consultant 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.

Delays in Commencement and/or Completion of Construction

Overview

During the Track Record Period, we experienced delays in commencement of construction for three of our project companies, namely, Suzhou Dingxin, Xuzhou Xuxin and Xuzhou Xurun, that the relevant construction

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work commencement permits for their projects were obtained one year later than the proposed construction commencement dates as provided in the respective land grant contracts. We acquired these projects from third parties and such third parties already breached the original land grant contracts and the commencement of construction had already been delayed.

Due to the delays in commencement of construction, we also experienced a delay in completion of construction for the project developed by Suzhou Dingxin as the relevant construction completion certificates were obtained later than the proposed completion dates as provided in the respective land grant contracts.

Under the Measures on Disposing of Idle Land (《閒置土地處置辦法》) promulgated by the MLR on April 28, 1999, as amended on June 1, 2012, a land parcel may be defined as idle land under any of the following circumstances: (i) development and construction of the state-owned idle land is not commenced after one year of the prescribed time limit in the land use right grant contract or allocation decision; or (ii) 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.

According to the Urban Real Estate Law (《城市房地產管理法》) promulgated by the Standing Committee of the National People's Congress on July 5, 1994 as amended on August 27, 2009, those who have obtained the land use right by way of grant for real estate development must develop the land in accordance with the land use and the construction period as prescribed in the grant contract. When the development started more than one year after the development starting date as prescribed in the grant contract, an idle land fee of no more than 20% of the land grant premium may be imposed and when the development started two years after such date, the land use right may be confiscated without any compensation, except that the delays are caused by *force majeure*, the activities of government, or the necessary preparatory work for starting the development.

As of the Latest Practicable Date, no monetary penalties had been imposed on us for all such delays. Regarding the delay in commencement and completion of the project developed by Suzhou Dingxin, with the assistance of our PRC Legal Advisers, we consulted with the relevant officers of the land resources bureaus of Suzhou and its Wuzhong Branch, being the competent authorities as advised by our PRC Legal Advisers, the authorities confirmed that since the construction of this project had been commenced which was under development according to the government's standards and requirements, the land of the project was not deemed as an idle land and no idle land fee or other penalties would be imposed on this project company.

Regarding the delay in commencement of Xuzhou Zhongliang Shanti Mansion that was jointly developed by Xuzhou Xuxin and Xuzhou Xurun, since we had not obtained the confirmation letter nor the confirmative response from the competent authorities, in principle, Xuzhou Xuxin and Xuzhou Xurun might be subject to the administrative penalties in accordance with the applicable laws and regulations as mentioned above. However, considering the facts that (i) pursuant to the supplementary agreement with the land resource bureau of Xuzhou city, the completion dates for the proposed construction on the land parcel at issue was amended and postponed to February 2020, (ii) as disclosed under “— Safety Matters — Construction Site Accident of Xuzhou Xuxin,”

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Xuzhou Xuxin had obtained the subsequent requisite permits for its developed properties, including but not limited to the construction land planning permit, the construction work planning permit, the construction work commencement permit, and pre-sales permits, and as of the Latest Practicable Date, 2,601 out of a total of 2,602 residential units had been pre-sold, and (iii) Xuzhou Xurun had obtained the subsequent requisite permits for its developed properties, including but not limited to the construction land planning permit, the construction work planning permit, the construction work commencement permit, and a pre-sales permit with an aggregate GFA of approximately 46,931 sq.m., representing approximately 15.5% of the total planned saleable GFA of the properties under its development, our Directors are of the view that, in practice, the possibility that Xuzhou Xuxin and Xuzhou Xurun will be subject to the above discussed administrative penalties is relatively low. Our Directors considered that all such non-compliance incidents would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statements for these non-compliance incidents.

Internal Control Measures to Ensure Ongoing Compliance

We have established, and will continue to improve, our standardized property development procedures, to ensure the development activities of our property projects, particularly the commencement and the completion of construction, shall meet all relevant schedules and timetables as provided in the relevant regulations, contracts and our internal policies. We have established internal risk management policies which specify various critical milestones and their relating time requirements throughout the entire property development procedure. Leveraging our centralized IT systems, the managers in charge of business operations of each regional company are responsible for constantly monitoring the progress of each project within the region they supervise and ensure that such time requirements are complied with. In addition, we have enhanced our internal legal trainings regarding the relevant laws and regulations, and periodically modify our risk management policies to reflect and comply with the most updated regulatory requirements.

Moreover, to reduce counterparty risks relating to third parties, we enhanced our policies and procedures in reviewing and selecting cooperation partners with good quality and credit history. We perform a review on our cooperation partners every six months and will terminate the cooperation relationship if a third party could not meet our quality standards. With respect to acquired projects or project companies, we have also enhanced our internal policies regarding project acquisition and request the relevant departments to conduct thorough and adequate due diligence before the acquisition. We adopt a prudent strategy in assessing the potential risks in connection with a target which had experienced non-compliance issues. In this regard, our legal team has also improved and updated our standard contractual terms to mitigate the relevant potential risks.

Inappropriate Marketing

Overview

During the Track Record Period, 18 of our subsidiaries were penalized by the relevant local government authorities for inappropriate marketing activities, including publishing inappropriate and false advertisements. The relevant subsidiaries were requested to cease such inappropriate marketing activities and pay penalties in an aggregate amount of approximately RMB2.8 million. We had settled all such penalties and adopted remedial measures promptly as required by the relevant authorities as of the Latest Practicable Date.

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We believe such non-compliances occurred primarily because (i) we placed advertisements and used standardized marketing materials across different locations but our marketing personnel failed to fully understand the inconsistency in implementation or interpretation of the relevant laws and regulations on advertising and marketing among different cities which resulted in inconsistent standards in determining the appropriate choice of words or advertisement formats in practice; and (ii) we failed to adequately train and educate our marketing personal to comply with our policies as well as local laws and regulations regarding marketing activities, especially those newly recruited in new cities where we had just entered into.

The confirmation letters from or the confirmative responses subject to our enquiries to the competent regulatory authorities confirmed that these non-compliance incidents are immaterial. 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 Advisers are of the view that the risks that these companies will be subject to further administrative penalties for these non-compliance incidents are remote. Our Directors considered that such non-compliance 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

With respect to each of such non-compliance incidents, we had promptly ceased those inappropriate marketing practice, paid the penalties and adopted remedial measures. We had enhanced the training and education for our marketing personnel and improved our internal policies regarding placing advertisements and organizing other promotional activities by specifying the approval procedures. We currently require that all marketing materials to be released should be reviewed and approved by our in-house legal team beforehand. We also require the third-party sales agents that we cooperate with shall strictly comply with the relevant laws and regulations when promoting our property projects.

Internal Control Measures to Ensure Future Compliance

The internal control system is designed to provide adequate assurance for effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Our senior management team is responsible for the establishment, review and implementation of our internal control system. Our internal control system covers all major aspects of our operations, including, among others, property development, property sales, investment property management, procurement, financial reporting, asset management, budgeting and accounting processes. To effectively implement such processes, we have a set of comprehensive policies and guidelines which set out details regarding the internal control standards, segregation of responsibilities, approval procedures and personnel accountability in each aspect. We also carry out regular internal assessments and training to ensure our employees are equipped with sufficient knowledge on such policies and guidelines.

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In particular, we have also implemented risk management policies against corruption and fraudulent activities. Our major anti-corruption and anti-fraud measures and procedures include:

- our internal audit and risk control function shall be primarily responsible for establishing, reviewing and evaluating our anti-corruption and anti-fraud policies and monitoring their implementation;
- as specified in our staff handbooks, employees are explicitly prohibited from taking/ offering bribes or kickbacks from/to suppliers or other third parties, manipulating bidding procedures, misusing our assets, or providing improper hospitality and entertainment to suppliers or other third parties;
- we request all of our Directors and senior management to identify and make periodical reports to our headquarters about conflicts of interest, including potential related party transactions, the engagement of competing businesses, or the receipt of unjust benefits or enrichment by using our assets or resources or taking advantage of his or her position in our company;
- we plan to provide anti-corruption and anti-fraud compliance trainings periodically to our Directors, senior management and employees to enhance their knowledge and awareness of the relevant laws and regulations; and
- we undertake rectification measures with respect to any identified corruption or fraudulent activities, evaluating such activities and proposing and establishing preventative measures to avoid future non-compliances.

During the Track Record Period and up to the Latest Practicable Date, our Directors were not aware of any material misconduct committed by our employees, senior management or Directors involving corruption or fraudulent activities.

We have engaged an independent consulting firm, as our internal control advisor (the “**Internal Control Consultant**”), in July 2018. The Internal Control Consultant has reviewed and provided recommendations on our internal control system. The scope of internal control review performed by the Internal Control Consultant was agreed among us, the Sole Sponsor and the Internal Control Consultant.

To prevent future reoccurrence of any non-compliance of applicable laws or regulations or breaches of commercial contracts, we adopted remedial internal control measures. We also adopted the following steps and measures to further enhance our corporate governance practices and the effectiveness of our internal control procedures. Our Internal Control Consultant performed follow-up review in October 2018 and confirmed that both (i) the following enhanced internal control procedures which had been implemented, and (ii) the above-mentioned remedial measures, have been properly and effectively implemented. The Internal Control Consultant 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 as well as the procedures regarding payment process management as described below.

- To meet the corporate governance standards as a listed company on the Stock Exchange, we will establish an audit committee, a remuneration committee and a nomination committee, and their

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- primary duties include, among others, providing an independent view of our financial reporting process, internal control and risk management system, ensuring the levels of remuneration and compensation are appropriate, and recommends to the board of Directors with suitably qualified persons;
- We have established the internal audit and risk control function, which will assess and monitor the implementation of our internal control policies through periodic audits and inspections and will report any deviations observed to our management team;
 - We plan to provide trainings to our Directors, management and employees to continuously raise their awareness of the importance of internal control and legal compliance;
 - We plan to engage professional consulting firms and/or law firms to provide trainings and advise on ongoing regulatory compliances with the relevant PRC laws and regulations. We will also constantly update our internal control policies based on our operational needs as well as changes of new laws and regulations;
 - We seek to proactively identify any concerns and issues relating to potential non-compliance by providing trainings to the Directors and the management of all departmental levels regarding the need for preventive and self-check measures to ensure compliance with all applicable laws and regulations;
 - As for our principle business operation, namely, development and sales of property, we have reviewed and improved our policies and manuals governing each major aspects of this business operations. We have also established the risk management policies and a full list of major risks identified in connection with our property development operations. Each subsidiary and its relevant departments are required to constantly review its operations based on the risk list and to establish the pre-control measures on a project-by-project basis;
 - We have established our operational manual in connection with payment process management, which provides that (i) when there are needs for payment, a payment requisition form is required to be completed and submitted through our OA system with required details and documentations, including payment usage and amount together with supporting documents such as invoices and contracts; (ii) the payment requisition form shall be reviewed by authorized and designated management personnel; (iii) in particular, such authorized and designated management personnel shall ensure that the proceeds from pre-sale of the properties are used for the development and construction of the corresponding properties in accordance with the applicable laws and regulations, which will be completed through confirming whether we are obligated to pay at different stages of completion of the corresponding project with reference to the relevant contracts and reviewing the relevant construction progress report and photos of construction sites as evidence; and (iv) our finance department will proceed to make the payment only after sufficient approvals have been obtained in connection with the payment requisition form; and

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- As for our Amoeba Ecosystem, we have reviewed and enhanced the related policies to further ensure its integrity, transparency and efficiency. In particular, we have implemented improved policies and reporting procedures with respect to our Co-investment Schemes, which require us to keep accurate and most updated documentations in connection with each Co-investment Project and to adopt more stringent internal audit procedures on verifying the investment contribution from the Participating Members and the procedures on calculating and implementing benefit distribution.

Risk Management Measures With Respect to Our Amoeba Ecosystem

Although our Amoeba Ecosystem has been a key to our rapid growth during the Track Record Period, the sufficient autonomy and high replicable nature of our Amoeba Ecosystem may exhibit certain internal control risks, see “Risk Factors—Risks Relating to Our Business—We may not be able to effectively maintain and manage our Amoeba Ecosystem, which has been a key to our rapid growth during the Track Record Period.” We have implemented a number of risk management measures in order to mitigate such risks and their potential negative impacts on us.

- We have established a designated internal supervision and audit center which currently comprises over 40 employees. The internal supervision and audit center is responsible for, among others, constantly conducting internal monitor and evaluation procedures and ensuring that the operations of all of our Amoeba units are in compliance with our internal policies and procedures, as well as the applicable PRC laws and regulations. The center establishes a compliance checklist, which is subject to interim updates, based on the relevant laws and regulations as well as our historical records of non-compliances. A group-wide ad hoc checking would be arranged on all of our Amoeba units on a random basis quarterly each year against such compliance checklist so as to maintain the units’ awareness of the importance of compliance of the relevant internal policies, procedures and applicable laws and regulations. Any non-compliances identified during the ad hoc checking shall be rectified immediately.
- In addition to the Amoeba units, our employees are also required to continuously comply with our policies and procedures, as well as the applicable PRC laws and regulations. In this regard, we distribute staff handbooks which provide details of prohibited employee misconducts and corresponding punishments. Our employees are required to attend internal trainings on a quarterly basis and complete online tests to enhance their familiarity with the requirements in the staff handbooks. Employees who have failed an online test will be required to re-attend the training until they are able to pass the test.
- We have established a dedicated Amoeba accounting center, which currently comprises over 15 employees and is mainly responsible for the establishment, evaluation and improvement of the incentive plans and evaluation policies under our Amoeba Ecosystem. The Amoeba accounting center will from time to time compare similar practice of other real estate developers in China, seek feedback from our employees about our incentive plans and evaluation policies, and modify such plans and policies in order to maintain their fairness, effectiveness and competitiveness. The incentive plans and evaluation policies in effect are distributed to all of our employees. We will also

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inform our employees about the subsequent amendments and adjustments to such plans and policies in a timely manner. To further enhance the transparency of our Amoeba Ecosystem, detailed methods used in calculating the investment return of the Participating Members under the Co-investment Schemes are also available to the relevant Participating Members through our OA system.

- We have adopted, and will continue to periodically review and improve, our centralized online documentation system. We require each Amoeba unit to maintain and archive all material documentations, especially those relating to the capital investment and benefit distribution under the Co-investment Schemes. Such documentations shall be submitted online to our headquarters on a timely basis. The integrated online systems enable us to streamline data and achieve real-time data tracking, which allow us to efficiently identify and solve data discrepancies, if any.
- To address the potential difficulties in communication between our headquarters and each of the Amoeba units resulting from our current scale and highly replicable nature of our Amoeba Ecosystem, we leverage on our centralized OA system to announce and publish various internal notices and policies, ensuring that our headquarters and each of the relevant Amoeba units would share all important information and messages on a constant and timely basis.
- Our headquarters closely review the business and financial performance of each Amoeba unit. Although we do not set a specific quantitative limit on the number of Amoeba units in each regional market, to avoid malignant competition, our headquarters will carefully evaluate the possible investment returns of any potential new and existing Amoeba units based on various factors, including but not limited to the estimated market demands, the population size, and the general competition level in that region. Our headquarters will consider to consolidate and eliminate any Amoeba unit of poor performance by reviewing, among others, its legal compliance track record, its ability of project time and budget management, cash flow controls, and other key performance indicators.

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You should read the following discussion and analysis in conjunction with our audited consolidated financial statements, including the notes thereto as of and for the years ended December 31, 2016, 2017 and 2018, 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.

Information presented in this section, in particular, in respect of the sections headed "— Net Current Assets" and "— Indebtedness," that are not extracted or derived from the Accountants' Report have been extracted or derived from unaudited management accounts as of and for the four months ended April 30, 2019 (which are not included in this prospectus) or from other records.

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 2016, 2017 and 2018 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 large-scale comprehensive real estate developer in China, based in the Yangtze River Delta Economic Region with a national footprint. As of March 31, 2019, we had established presence in 124 cities in 23 provinces and municipalities across five core economic regions in China. As of the same date, we had a project portfolio of 353 projects, including 257 projects developed by our subsidiaries and 96 projects developed by our joint ventures and associates, at various development stages.

During the Track Record Period, our business operations consist of four business lines: (i) sales of properties, (ii) management consulting services, (iii) property management services, and (iv) property lease. Substantially all of our revenue recognized during the Track Record Period was derived from sales of properties. For the years ended December 31, 2016, 2017 and 2018, revenue derived from sales of properties amounted to RMB2,903.8 million, RMB13,913.2 million and RMB29,992.1 million, respectively, accounting for 99.3%, 99.2% and 99.3%, respectively, of our total revenue over the same periods.

We excluded the ancillary businesses including property management services from our Group upon the Reorganization since April 2018. Moreover, we have engaged in the development and operation of investment properties and started to generate rental income from leasing our investment properties from the second half of 2018. As of December 31, 2018, we had ten property projects with investment properties under various

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development stages. Although we currently still focus on the development of residential properties for sale, we may in the future expand our investment property portfolio in response to changing market conditions and customer demand.

BASIS OF PRESENTATION

Our Company acts as the holding company of our Group and was established in the Cayman Islands on March 22, 2018. As part of the Corporate Restructuring, Shanghai Zhongliang Enterprise Development, the onshore holding company of our Group, was established on August 26, 2016 as our exclusive platform to carry out our property development business. See “Our History, Reorganization and Corporate Structure — Reorganization.” The companies now comprising 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 consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of our Group for the Track Record Period include the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries first came under the common control of our Controlling Shareholders, where this is a shorter period. The consolidated statements of financial position of our Group as of December 31, 2016, 2017 and 2018 have been prepared to present the assets and liabilities of our subsidiaries using the existing book values from the Controlling Shareholders’ 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 Shareholders, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity when applying the principles of merger accounting. All intra-group transactions and balances have been eliminated on combination in full.

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 overall economic growth and urbanization in the cities and regions where we operate and intend to enter are expected to continue to impact our business and operating results. The overall economic growth in the PRC and the rate of urbanization will be affected by a number of macroeconomic factors, including but not limited to 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.

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In addition, our business and operating results have been, and will continue to be, significantly affected by governmental policies and regulations in the PRC, in particular those relating to national and regional real estate markets. In the past few years, the PRC government has implemented a series of measures to control the overheated property market, which aim to discourage speculative investments and increase the supply of affordable residential properties. From time to time, the central and local governments adjust or introduce policies and regulations relating to land grants, pre-sales of properties, bank financing and taxation, planning and zoning, building design and construction, which have significantly impacted the availability and cost of financing for real estate developers, including us. In addition, restrictive regulations may affect the availability and cost of financing for our potential property purchasers, such as higher minimum down payment requirements, higher mortgage rates provided by commercial banks, restrictions on the number of properties local residents may purchase and increasing taxes on title transfer and property ownership. For details, please refer to the “Regulatory Overview.”

We currently focus on developing properties that target customers who are either first-time home purchasers, first-time home upgraders or second-time 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 continuing growth depends, to a significant extent, on our ability to expand into other regions and cities. We intend to further expand into cities in the five core economic regions we currently operate and may enter into other economic areas in the PRC in the future. We may not have the same level of familiarity with local regulatory environment, economic conditions, contractors, business practices, customs and customer taste, behavior and preferences. If we cannot successfully leverage our experience or understand the property market in any other cities which we target for expansion, our business, results of operations and financial position will be adversely affected.

Availability and Cost of Land in Strategically Selected Locations

Land use right costs were the largest component of our cost of sales for property development during the Track Record Period and will continue to be a major component in the future. Over the past few years, land premiums in the PRC have generally increased as a result of growing domestic economy and rapid urbanization. Our sustainable business growth is highly dependent on our ability to secure and acquire quality land parcels at reasonable prices that can yield favorable returns, which in turn depends on various factors, including the methods and timing of land acquisition, location of the land parcels, and the competition we face in a specific region. During the Track Record Period, we primarily acquire land for our projects through the listing-for-sale process organized by the relevant government authorities, auctions and public tenders. We also acquire land parcels by cooperating with third-party business partners through joint ventures, or through target projects or target project companies. As the PRC economy continues to grow and demand for commodity properties remains relatively strong, we expect intensified competition among real estate developers. We especially observe that competition for quality land bank has been extended from the first- and second-tier cities to the third- and fourth-tier cities in the PRC, where most of our properties are currently located.

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In addition, PRC's governmental land supply policies and implementation measures are likely to further intensify the competition, and consequently increase the land acquisition costs. In order to participate in the public tender, auction and listing-for-sale processes, we are required to pay a deposit upfront, which typically represents a portion of the actual cost of the relevant land and we are required to settle the land premium within one year after signing the land grant contract in accordance with relevant regulation, which has accelerated the timing of our payment for land acquisition costs and has had a significant impact on our cash flows. It is generally expected that land premiums will continue to rise in the PRC as the economy continues to grow, which may materially and adversely affect our business and operating results. Nevertheless, we may from time to time acquire land parcels by cooperating with third-party business partners, or through equity interests in companies that possess land use rights. Such land acquisition methods may enable us to leverage the competency of our business partners and reduce our initial capital injection.

Timing of Property Development, Pre-sale and Delivery

The number of property projects that a developer can undertake during any particular period is limited due to substantial capital requirements for land acquisitions, construction costs and the land supply. The development of a property project may take several months or even years before the commencement of pre-sale, depending on the size and difficulty of the project, and subject to terms of the pre-sale contracts, no revenue with respect to such project may be recognized until it is completed and delivered to the customers, or otherwise recognized over time with reference to the construction progress towards completion. Therefore, our cash flows and results of operations vary from period to period, subject to the selling prices and the GFA pre-sold/sold and delivered in the relevant periods. In addition, delays in construction, regulatory approval and other processes may also adversely affect the timetable of our projects. Timing of pre-sale is subject to not only our internal schedules but also relevant PRC laws and regulations. The relevant pre-sale requirements vary from city to city and pre-sale proceeds from a project are required to be used to finance its development. As a result of the time difference between costs incurred, cash received from pre-sales and revenue recognition, our results of operations have fluctuated in the past and are likely to continue to fluctuate in the future.

We endeavor to adopt the rapid-asset-turnover model to ensure the sufficiency of our working capital and liquidity. We expect to continue to implement our rapid-asset-turnover model and optimize our land acquisition, construction and pre-sale/sale procedures, minimizing the cost and time in connection with our property development. If any our current or planned schedules of land acquisition, property development or pre-sale/sale is delayed or otherwise interrupted, our cash flows or results of operations in a given period may be adversely affected.

Contractor Fees, Construction Materials and Labor Cost

Construction costs constitute a large portion of our cost of sales, of which, contractor fees and construction materials are the two major components. Construction costs fluctuate as a result of changes in contractor fees, which generally include construction materials that the contractors are responsible for and cost of their construction workers. For certain major construction materials such as steel and cement, whose prices may fluctuate significantly, we and our contractors usually specify the price range within which the total construction

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contract price will be subject to. If the price fluctuates outside such initial specified price range, we will be solely responsible for the price difference beyond the agreed scope. Prior to 2016, the prevailing market prices of steel and cement in the PRC generally decreased due to an overcapacity issue, which bounced back in 2016 and 2017, primarily as a result of the structural reform in the steel and cement industries and government policies on projection adjustment. Such fluctuation has affected our cost of sales during the Track Record Period. In addition, our labor cost increased significantly during the Track Record Period, primarily as a result of our rapid business growth. Although we endeavor to take advantage of increasing economy scale and to implement cost control measures, we cannot assure you that our cost control efforts will always succeed. If we are unable to successfully maintain our contractor fees, construction materials or labor costs at a reasonable level, or to pass on the increase, if any, to our customers, we cannot sell our properties at a price level sufficient to cover all the increased costs, we may not be able to achieve our target margin and our profitability may be adversely impacted as well.

Availability and Cost of Financing

Financing is an important source of funding for property development. During the Track Record Period, we financed our operations primarily through internally generated cash flow including proceeds from the pre-sale/sale of our properties, as well as external financings, such as borrowings from commercial banks, trust financing, asset management arrangements, other borrowings from third parties (other than banks and financial institutions), and capital contribution from non-controlling shareholders. The monetary regulations imposed by the PRC government from time to time may affect our access to capital and cost of financing. We are also highly susceptible to any regulations or measures adopted by the PBOC that restrict bank lending, especially those restricting the ability of real estate developers to obtain bank 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.

In addition, as of December 31, 2018, we had 109 outstanding trust financing and asset management arrangements provided by trust financing providers, asset management companies and other financial institutions, which usually have a greater flexibility in terms of fund availability and repayment requirements. As of December 31, 2018, the total outstanding principal of our trust financing and asset management arrangements amounted to approximately RMB14,716.3 million, representing approximately 54.5% of our total borrowings as of the same date. 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 by commercial banks. The PRC government may implement more stringent measures to control risks in loan growth, which may include more stringent review procedures that trust financing providers, asset management companies and other financial institutions are required to adopt when considering applications for trust financing and remedial actions that they are required to take in the event of any non-compliance with applicable laws and regulations. Any such further measures that the PRC government may implement 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 significantly impact our real estate development business.

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As of December 31, 2016, 2017 and 2018, our total outstanding borrowings amounted to RMB20,226.6 million, RMB24,476.3 million and RMB27,004.9 million, respectively. The weighted average effective interest rates on our total borrowings outstanding as of December 31, 2016, 2017 and 2018 were 9.4%, 7.9% and 9.9%, respectively. We may also 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 new corporate bonds, asset-backed securities programs and debt offerings, to diversify our financing sources, secure sufficient working capital and support our business expansion. In addition, a significant portion of our finance costs are capitalized to the extent that such costs are directly attributable to the land acquisition and project construction. An increase in our finance costs will negatively affect our profitability and results of operations. Moreover, 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 RMB41.3 million, RMB452.9 million and RMB1,183.6 million for the years ended December 31, 2016, 2017 and 2018, respectively. We have accrued all LAT payable on our property sales and transfers in compliance with the relevant LAT laws and regulations during the Track Record Period. However, our 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 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. Under such circumstances, our results of operations and cash flows may be materially and adversely affected.

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 assumptions are based on our historical experience and other relevant factors that we believe are reasonable under the circumstances, the results of which form the basis of our judgments about matters not readily apparent from other sources. When reviewing our financial results, you should consider: (i) our selection of critical accounting policies, (ii) our 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 the future periods, and as a result, actual results could differ from those estimates.

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Early Adoption of IFRS 9 and IFRS 15

IFRS 9 *Financial instruments* and IFRS 15 *Revenue from contracts with customers* are effective for financial periods beginning on or after January 1, 2018, replacing IAS 39 and IAS 18, respectively, and we have applied IFRS 9 and IFRS 15 consistently throughout the Track Record Period.

Impacts of the IFRS 9 and IFRS 15 on our historical financial information are as follows:

Impact of IFRS 9

IFRS 9 has three financial asset classification categories for investments in debt instruments: amortized cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. Classification is driven by the entity’s business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is classified as fair value through profit or loss, the changes in fair value are presented in profit or loss. For financial liabilities, there are two classification categories: amortized cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability’s own credit risk are recognized in OCI, in which case such fair value changes recognized in OCI are never recycled into profit and loss, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognized in profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (“ECL”) model, which constitutes a change from the incurred loss model in IAS39. IFRS 9 contains a “three-stage” approach, which is based on the change in credit quality of financial assets since the initial recognition. Assets move through the three stages as credit quality changes, and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. For trade receivables, we apply the simplified approach permitted by IFRS 9, under which we do not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. We have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impact of IFRS 15

Following the adoption of IFRS 15, the following items are recognized in different ways:

Presentation of liabilities

Advanced proceeds received from customers are presented as contract liabilities.

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Accounting for revenue from sales of properties

Revenue from sales of properties is recognized over time when our performance does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date; otherwise, revenue is recognized at a point in time when the buyer obtains control of the completed property.

Accounting for significant financing component

For contracts where the period between the payment by the customer and the transfer of the promised property or service is more than one year, the transaction price is adjusted for the effects of such financing component, if significant. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Impact on the Our Financial Position and Performance

We had adopted IFRS 9 and IFRS 15 on a consistent basis throughout the Track Record Period, without applying IAS 39 and IAS 18. Therefore, there is no direct comparison between our financial position or performance by adopting IFRS 9 and IFRS 15 and our financial position or performance by adopting IAS 39 and IAS 18. It is mandatory to apply IFRS 9 and IFRS 15 for the periods beginning on or after January 1, 2018. Early application is permitted.

If we had applied IAS 39 and IAS 18 for the years ended December 31, 2016 and 2017, the estimated impact on our financial position for the years ended December 31, 2016 and 2017 affected by the adoption of IFRS 9 and IFRS 15 is as follows:

| | Amounts without the adoption of IFRS 9 and IFRS 15 | Effects of the adoption of IFRS 9 | Effects of the adoption of IFRS 15 | Amounts as reported |
|--|---|--|---|--------------------------------|
| | (in RMB thousands) | | | |
| <u>Net profit for the year</u> | | | | |
| Year ended December 31, 2016 | (485,690) | (473) | 216,394 | (269,769) |
| Year ended December 31, 2017 | (223,267) | (2,162) | 724,003 | 498,574 |
| <u>Total equity</u> | | | | |
| As of December 31, 2016 | 392,444 | (497) | 263,041 | 654,988 |
| As of December 31, 2017 | 1,369,366 | (2,659) | 987,044 | 2,353,751 |

Taking into account the impact disclosed above, the Directors consider that the adoption of IFRS 9 had insignificant impact on our financial position and performance for the years ended December 31, 2016 and 2017.

The adoption of IFRS 15 had significant impact on our financial performance for the year ended December 31, 2016 and 2017 and the adoption of IFRS 15 had significant impact on our financial position as of

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December 31, 2016 and 2017. The impact of IFRS 15 on our financial performance for the years ended December 31, 2016 and 2017 was mainly due to the recognition of sales of properties when our performance does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date. Such revenue was recognized over time by adopting IFRS 15.

Revenue Recognition

Revenue is measured at the amount of consideration to which we expect to be entitled to receive or to be receivable for the sales of properties and services in the ordinary course of our activities. Revenue is recognized, net of discounts and after eliminating intra-group sales.

Sales of Properties

Revenue is recognized when or as the control of the asset is transferred to the customer. Control of the asset is transferred over time if our performance: (i) provides all of the benefits received and consumed simultaneously by the customer; or (ii) creates and enhances an asset that the customer controls as we perform; or (iii) does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

Depending on the terms of the contracts and the applicable laws and regulations, control of the asset may transfer over time or at a point in time. If control of the asset transfers over time, revenue is recognized over the period of the contract prior to the physical delivery of the property by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the purchaser obtains control of the asset, which typically is the time of physical delivery of the property to the purchaser. The progress towards complete satisfaction of the performance obligation is measured based on our efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract. In determining the transaction price, we adjust the promised amount of consideration for the effect of financing component if it is significant.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognized when the customer 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, which typically is the time of physical delivery of the property to the purchaser.

Management consulting services

Management consulting services income derived from the provision of support services in connection with development of property projects is recognized when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

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Property management services

Property management service income derived from the provision of property maintenance and management services is recognized when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Rental income

Rental income is recognized on a time proportion basis over the lease terms.

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.

Financial Assets

Initial Recognition and Measurement

Financial assets are recognized when, and only when, we become a party to the contractual provisions of the financial instruments.

At initial recognition, we measure 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss.

Subsequent Measurement

(i) Debt instruments

Subsequent measurement of debt instruments depends on our business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which we classify our debt instruments:

- **Amortized cost:** Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial assets are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in the statement of profit or loss when the assets are derecognized or impaired, and through amortization process.
- **Fair value through other comprehensive income:** Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows

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represent solely payments of principal and interest, are measured at fair value through other comprehensive income, or FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognized in other comprehensive income, or OCI, except impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognized in profit or loss. The cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognized.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in the statement of profit or loss in the period in which it arises. Interest income from these financial assets is included in the finance income.

(ii) Equity instruments

We subsequently measure all equity investments at fair value. On initial recognition of an equity instruments that is not held for trading, we may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognized in the consolidated statements of profit or loss and other comprehensive income when our right to receive payments is established. Changes in fair value of financial assets at fair value through profit or loss are recognized in “other income and gains” in the consolidated statements of profit or loss and other comprehensive income as applicable. Changes in fair value of financial assets at FVOCI are recognized in OCI.

Impairment

We have types of financial assets subject to IFRS 9’s new expected credit loss model: financial assets included in prepayments and other receivables, due from related companies, restricted cash, pledged deposits and cash and cash equivalents.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

We consider that default has occurred when a financial asset is more than 90 days past due unless our Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when we determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with our procedures for recovery of amounts due.

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 our statements of financial position) when: (i) the rights to receive cash flows from the financial asset have expired; or (ii) we have transferred our rights to receive cash flows from the financial asset or have 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) we have transferred substantially all the risks and rewards of the asset, or (b) we have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When we have transferred our rights to receive cash flows from an asset or have entered into a pass-through arrangement, we evaluate if and to what extent we have retained the risk and rewards of ownership of the asset. When we have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, we continue to recognize the transferred asset to the extent of our continuing involvement. In that case, we also recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that we have 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 we could be required to repay.

Investment Properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for uses in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each relevant periods.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statements of profit or loss and other comprehensive income in the year when they arise. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statements of profit or loss and other comprehensive income in the year of the retirement or disposal.

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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 normal operating cycles. 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 realized, less estimated costs to be incurred in selling the properties.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth the consolidated statements of profit or loss and other comprehensive income of our Group with line items, in absolute amounts and as percentages of total revenue, for the periods indicated:

| | Year Ended December 31, | | | | | |
|--|--|--------------|-------------------|--------------|-------------------|--------------|
| | 2016 | | 2017 | | 2018 | |
| | RMB | % | RMB | % | RMB | % |
| | (In thousands, except for percentages) | | | | | |
| Revenue | 2,925,411 | 100.0 | 14,026,299 | 100.0 | 30,214,688 | 100.0 |
| Cost of sales | (2,308,844) | (78.9) | (11,166,324) | (79.6) | (23,303,847) | (77.1) |
| Gross profit | 616,567 | 21.1 | 2,859,975 | 20.4 | 6,910,841 | 22.9 |
| Finance income | 63,797 | 2.2 | 150,805 | 1.1 | 353,711 | 1.2 |
| Other income and gains | 163,475 | 5.5 | 24,517 | 0.2 | 95,045 | 0.3 |
| Selling and distribution expenses | (405,186) | (13.9) | (823,698) | (5.9) | (1,333,901) | (4.4) |
| Administrative expenses | (377,001) | (12.9) | (701,224) | (5.0) | (1,648,265) | (5.5) |
| Impairment losses on financial assets | (473) | (0.0) | (2,162) | (0.0) | (10,964) | (0.0) |
| Other expenses | (30,059) | (1.0) | (20,333) | (0.1) | (197,760) | (0.7) |
| Fair value gains on investment properties | 8,725 | 0.3 | 261,898 | 1.8 | 71,971 | 0.2 |
| Fair value gains/(losses) on financial assets at fair value through profit or loss | 17,919 | 0.6 | (5,378) | (0.1) | (4,039) | (0.0) |
| Finance costs | (269,018) | (9.2) | (356,320) | (2.5) | (433,466) | (1.4) |
| Share of profits and losses of: | | | | | | |
| Joint ventures | (29,053) | (1.0) | (134,844) | (1.0) | (82,242) | (0.3) |
| Associates | (33,648) | (1.1) | 14,649 | 0.1 | 717,545 | 2.4 |
| (Loss)/profit before tax | (273,955) | (9.4) | 1,267,885 | 9.0 | 4,438,476 | 14.7 |
| Income tax credit/(expense) | 4,186 | 0.1 | (769,311) | (5.4) | (1,912,189) | (6.3) |
| (Loss)/profit for the year | (269,769) | (9.3) | 498,574 | 3.6 | 2,526,287 | 8.4 |
| Attributable to: | | | | | | |
| Owners of the parent | (168,627) | (5.8) | 502,667 | 3.6 | 1,931,336 | 6.4 |
| Non-controlling interests | (101,142) | (3.5) | (4,093) | (0.0) | 594,951 | 2.0 |
| | (269,769) | (9.3) | 498,574 | 3.6 | 2,526,287 | 8.4 |

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 consists of revenue derived from (i) sales of properties, (ii) management consulting services, (iii) property management services, and (iv) property lease. The table below

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sets forth our revenue for each of the components described above and the percentage of total revenue for the periods indicated:

| | Year Ended December 31, | | | | | |
|--------------------------------------|--|--------------|-------------------|--------------|-------------------|--------------|
| | 2016 | | 2017 | | 2018 | |
| | RMB | % | RMB | % | RMB | % |
| | (In thousands, except for percentages) | | | | | |
| Sales of properties | 2,903,820 | 99.3 | 13,913,179 | 99.2 | 29,992,092 | 99.3 |
| Management consulting services | 21,591 | 0.7 | 105,930 | 0.7 | 211,845 | 0.7 |
| Property management services | — | — | 7,190 | 0.1 | 6,321 | 0.0 |
| Property lease | — | — | — | — | 4,430 | 0.0 |
| Total | 2,925,411 | 100.0 | 14,026,299 | 100.0 | 30,214,688 | 100.0 |

Sales of Properties

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial majority of our total revenue. Our operating results for any given period are primarily dependent upon the recognized GFA and the ASP of the properties we recognized 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 we operate. Our recognized GFA may fluctuate from period to period depending on the size of the projects and the stage of their development. The recognized ASP of our properties may also fluctuate from period to period depending on the ASP for properties in cities and regions where we developed and sold property projects.

Consistent with industry practice, we typically enter into sale contracts with customers while the properties are still under development but have already satisfied the conditions for pre-sales in accordance with the PRC laws and regulations. In general, there is a time difference, typically ranging from one to two years, between the time we commence the pre-sales and the completion of the construction of such properties. Subject to pre-sale contracts and the governing laws of such contracts, if control of the property transfers over time, revenue for sales of the property is recognized over the period of the contract by reference to the construction progress towards completion. Otherwise, revenue is recognized at a point in time when the customer obtains control of the property. Proceeds from customers of pre-sold properties are recorded as “contract liability” under “current liabilities” before relevant revenue is recognized. The timing of the transfer of control of the properties may not only affect the amount and growth rate of our revenue from sales of properties but also cause the change of contract liabilities from period to period.

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The table below sets forth the total revenue from sales of properties, the aggregate recognized GFA, the recognized ASP per sq.m. for the periods and city-tiers indicated.

| | Year Ended December 31, | | | | | | | | |
|--------------------------------------|--|----------------------------------|--------------------------------------|--|----------------------------------|--------------------------------------|--|----------------------------------|--------------------------------------|
| | 2016 | | | 2017 | | | 2018 | | |
| | Recognized GFA ⁽¹⁾⁽²⁾ (sq.m.) | Revenue (in RMB thousands) | Recognized ASP (RMB/ sq.m.) | Recognized GFA ⁽¹⁾⁽²⁾ (sq.m.) | Revenue (in RMB thousands) | Recognized ASP (RMB/ sq.m.) | Recognized GFA ⁽¹⁾⁽²⁾ (sq.m.) | Revenue (in RMB thousands) | Recognized ASP (RMB/ sq.m.) |
| Second-tier cities | | | | | | | | | |
| Yangtze River Delta Economic Region | 164,220 | 2,705,498 | 16,475 | 662,744 | 9,832,863 | 14,836 | 1,016,298 | 14,710,625 | 14,475 |
| Midwest China Economic Region | — | — | — | 1,337 | 6,533 | 4,886 | 11,398 | 76,700 | 6,729 |
| Pan-Bohai Economic Rim | — | — | — | — | — | — | — | — | — |
| Western Taiwan Straits Economic Zone | — | — | — | — | — | — | — | — | — |
| Pearl river Delta Economic Zone | — | — | — | — | — | — | — | — | — |
| Second-tier sub-total | 164,220 | 2,705,498 | 16,475 | 664,081 | 9,839,396 | 14,817 | 1,027,696 | 14,787,325 | 14,389 |
| Third-tier cities | | | | | | | | | |
| Yangtze River Delta Economic Region | 18,804 | 198,322 | 10,547 | 354,104 | 3,750,717 | 10,592 | 1,455,448 | 13,619,787 | 9,358 |
| Midwest China Economic Region | — | — | — | 683 | 4,307 | 6,307 | 57,648 | 408,233 | 7,428 |
| Pan-Bohai Economic Rim | — | — | — | — | — | — | 25,593 | 173,605 | 6,783 |
| Western Taiwan Straits Economic Zone | — | — | — | 13,584 | 107,575 | 7,919 | 64,450 | 504,264 | 7,824 |
| Pearl river Delta Economic Zone | — | — | — | — | — | — | 60 | 384 | 6,400 |
| Third-tier sub-total | 18,804 | 198,322 | 10,547 | 368,371 | 3,862,599 | 10,486 | 1,603,199 | 14,706,273 | 9,173 |
| Fourth-tier cities | | | | | | | | | |
| Yangtze River Delta Economic Region | — | — | — | 1,129 | 5,900 | 5,226 | 14,465 | 122,352 | 8,458 |
| Midwest China Economic Region | — | — | — | — | — | — | 14,436 | 97,210 | 6,734 |
| Pan-Bohai Economic Rim | — | — | — | — | — | — | — | — | — |
| Western Taiwan Straits Economic Zone | — | — | — | 29,078 | 205,284 | 7,060 | 37,003 | 278,932 | 7,538 |
| Pearl river Delta Economic Zone | — | — | — | — | — | — | — | — | — |
| Fourth-tier sub-total | — | — | — | 30,207 | 211,184 | 6,991 | 65,904 | 498,494 | 7,564 |
| Total | 183,024 | 2,903,820 | 15,866 | 1,062,659 | 13,913,179 | 13,093 | 2,696,799 | 29,992,092 | 11,121 |

Notes:

(1) Total recognized GFA does not include car parks.

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- (2) For purpose of this prospectus, total recognized GFA refers to (i) with respect to the portion of GFA for which revenue was recognized at a point in time, total GFA so delivered and sold in the relevant period, and (ii) with respect to the portion of GFA for which revenue was recognized over time, the GFA proportionate to the amount of revenue so recognized in the relevant period out of the total revenue to be recognized, which was further by reference to the construction progress towards completion.

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The table below sets forth the total revenue from sales of properties, the aggregate recognized GFA, the recognized ASP per sq.m. for the periods and regions, including selected major cities, indicated.

| | Year Ended December 31, | | | | | | | | |
|--|--|----------------------------------|--------------------------------------|--|----------------------------------|--------------------------------------|--|----------------------------------|--------------------------------------|
| | 2016 | | | 2017 | | | 2018 | | |
| | Recognized GFA ⁽¹⁾⁽²⁾ (sq.m.) | Revenue (in RMB thousands) | Recognized ASP (RMB/ sq.m.) | Recognized GFA ⁽¹⁾⁽²⁾ (sq.m.) | Revenue (in RMB thousands) | Recognized ASP (RMB/ sq.m.) | Recognized GFA ⁽¹⁾⁽²⁾ (sq.m.) | Revenue (in RMB thousands) | Recognized ASP (RMB/ sq.m.) |
| Yangtze River Delta Economic Region | | | | | | | | | |
| Wenzhou | 129,009 | 2,431,600 | 18,848 | 629,090 | 9,466,016 | 15,047 | 446,907 | 6,885,900 | 15,408 |
| Ningbo | 5,854 | 80,535 | 13,757 | 10,044 | 127,391 | 12,683 | 328,662 | 4,664,561 | 14,193 |
| Suzhou | 1,808 | 21,379 | 11,825 | 6,233 | 84,890 | 13,619 | 154,105 | 2,239,635 | 14,533 |
| Shaoxing | 3,614 | 33,962 | 9,397 | 8,130 | 64,736 | 7,963 | 238,374 | 1,939,010 | 8,134 |
| Taizhou | 3,668 | 32,803 | 8,943 | 57,458 | 735,961 | 12,809 | 138,303 | 1,593,645 | 11,523 |
| Hangzhou | 27,549 | 171,984 | 6,243 | 14,259 | 118,414 | 8,305 | 77,582 | 818,672 | 10,552 |
| Others ⁽³⁾ | 11,522 | 131,557 | 11,418 | 292,763 | 2,992,072 | 10,220 | 1,102,278 | 10,311,341 | 9,355 |
| Yangtze River Delta Economic Region Sub-total | 183,024 | 2,903,820 | 15,866 | 1,017,977 | 13,589,480 | 13,349 | 2,486,211 | 28,452,764 | 11,444 |
| Midwest China Economic Region | | | | | | | | | |
| Dazhou | — | — | — | 683 | 4,307 | 6,307 | 21,525 | 144,186 | 6,699 |
| Xuchang | — | — | — | — | — | — | 10,139 | 75,993 | 7,495 |
| Kunming | — | — | — | — | — | — | 7,626 | 56,788 | 7,447 |
| Changsha | — | — | — | 1,337 | 6,533 | 4,886 | 3,772 | 19,912 | 5,279 |
| Others ⁽⁴⁾ | — | — | — | — | — | — | 40,420 | 285,264 | 7,057 |
| Midwest China Economic Region Sub-total | — | — | — | 2,020 | 10,840 | 5,366 | 83,482 | 582,143 | 6,973 |
| Pan-Bohai Economic Rim | | | | | | | | | |
| Yantai | — | — | — | — | — | — | 15,981 | 93,450 | 5,848 |
| Linyi | — | — | — | — | — | — | 2,583 | 21,802 | 8,441 |
| Others ⁽⁵⁾ | — | — | — | — | — | — | 7,029 | 58,353 | 8,302 |
| Pan-Bohai Economic Rim Sub-total | — | — | — | — | — | — | 25,593 | 173,605 | 6,783 |
| Western Taiwan Straits Economic Zone | | | | | | | | | |
| Ganzhou | — | — | — | 7,044 | 54,157 | 7,688 | 35,391 | 281,785 | 7,962 |
| Ningde | — | — | — | 277 | 3,458 | 12,483 | 20,674 | 146,372 | 7,080 |
| Jiujiang | — | — | — | 22,007 | 157,787 | 7,170 | 12,748 | 110,291 | 8,652 |
| Others ⁽⁶⁾ | — | — | — | 13,334 | 97,457 | 7,309 | 32,640 | 244,748 | 7,498 |
| Western Taiwan Straits Economic Zone Sub-total | — | — | — | 42,662 | 312,859 | 7,333 | 101,453 | 783,196 | 7,720 |

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Year Ended December 31,

| | 2016 | | | 2017 | | | 2018 | | |
|---|--|----------------------------------|--------------------------------------|--|----------------------------------|--------------------------------------|--|----------------------------------|--------------------------------------|
| | Recognized GFA ⁽¹⁾⁽²⁾ (sq.m.) | Revenue (in RMB thousands) | Recognized ASP (RMB/ sq.m.) | Recognized GFA ⁽¹⁾⁽²⁾ (sq.m.) | Revenue (in RMB thousands) | Recognized ASP (RMB/ sq.m.) | Recognized GFA ⁽¹⁾⁽²⁾ (sq.m.) | Revenue (in RMB thousands) | Recognized ASP (RMB/ sq.m.) |
| Pearl River Delta Economic Zone | | | | | | | | | |
| Shaoguan | — | — | — | — | — | — | 60 | 384 | 6,400 |
| Pearl River Delta Economic Zone Sub-total | — | — | — | — | — | — | 60 | 384 | 6,400 |
| Total | 183,024 | 2,903,820 | 15,866 | 1,062,659 | 13,913,179 | 13,093 | 2,696,799 | 29,992,092 | 11,121 |

Notes:

- (1) Total recognized GFA does not include car parks.
- (2) For purpose of this prospectus, total recognized GFA refers to (i) with respect to the portion of GFA for which revenue was recognized at a point in time, total GFA so delivered and sold in the relevant period, and (ii) with respect to the portion of GFA for which revenue was recognized over time, the GFA proportionate to the amount of revenue so recognized in the relevant period out of the total revenue to be recognized, which was further by reference to the construction progress towards completion.
- (3) Includes 20 cities, such as Lishui, Jiaxing and Jinhua.
- (4) Includes 26 cities, such as Xinyang, Hengyang and Mianyang.
- (5) Includes five cities, such as Zibo, Binzhou and Tai'an.
- (6) Includes seven cities, such as Jingdezhen and Ji'an.

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During the Track Record Period, our revenue from sales of properties increased significantly, primarily due to the increase in the number of property projects we sold and delivered, which resulted in an increase in our total recognized GFA. During the Track Record Period, revenue derived from properties located in the Yangtze River Delta Economic Region constituted a significant portion of our total revenue. The overall recognized ASP per sq.m. of our property projects generally decreased from 2016 onwards, primarily due to our penetration in the Yangtze River Delta Economic Region through entering into the suburban area of Wenzhou and other cities such as Yueqing, Lishui and Wuhu, which generally have a lower recognized ASP per sq.m. as compared to Wenzhou. In addition, our lower recognized ASP per sq.m. in 2017 and 2018 was also due to our geographic expansion into other economic regions where the recognized ASP per sq.m. was generally lower than that in the Yangtze River Delta Economic Region.

Management Consulting Services

Since October 2016, we commenced to provide management consulting services to certain of our related parties and third parties, which mainly represented the provision of support services to these entities in connection with construction, sales and marketing, and overall management during the development of property projects.

Revenue derived from our management consulting services is recognized over the period when such services are rendered. Our revenue derived from management consulting services increased from 2017 to 2018, mainly due to the increase in the number of joint ventures, associates and third parties to which we provided management consulting services.

Property Management Services

Historically, we were involved in certain ancillary businesses including property management services mainly to the demonstration areas and decorated model homes of property projects developed by us and our related parties. Revenue derived from property management services is recognized over the period when such services are rendered.

Ancillary businesses require different expertises, skills and resources from our property development business. As such, we excluded the ancillary businesses from our Group upon the Reorganization since April 2018.

Rental Income from Property Lease

We have engaged in the development and operation of investment properties and started to generate rental income from leasing our investment properties since the second half of 2018.

Cost of Sales

Our cost of sales primarily represents the costs we incur directly for the property development activities as well as our management consulting services, property management services and property lease. The principal

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components of cost of sales for our property development include cost of properties sold, which represents land use right costs, direct construction costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

- *Land use right costs.* Land use right costs include costs relating to acquisition of the rights to occupy, use and develop land which mainly represents land premiums incurred in connection with land parcels granted from the government or land parcels acquired from third parties. These costs for a project are affected by a number of factors, such as the location of the underlying property, regional property market conditions, timing of the land acquisition, project's plot ratios, method of acquisition and changes in PRC laws and regulations. Although we have not in the past been required to do so, we may be required to pay demolition and resettlement costs, subject to the condition of the land parcel that is acquired.
- *Construction costs.* Construction costs include all the costs for the design and construction of a project, including contractor fees, costs of construction materials and labor costs. Our construction costs are affected by a number of factors, including the type and geographic locations of the properties being constructed or the type and amount of construction materials to be used, which may vary from city to city.
- *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 statements of profit or loss and other comprehensive income in the period in which they are incurred.

The table below sets forth information relating to our cost of sales for each of our business lines and as percentage of total cost of sales for the periods indicated:

| | Year Ended December 31, | | | | | |
|---|--|--------------|-------------------|--------------|-------------------|--------------|
| | 2016 | | 2017 | | 2018 | |
| | RMB | % | RMB | % | RMB | % |
| | (In thousands, except for percentages) | | | | | |
| Cost of properties sold | | | | | | |
| Land use right costs | 1,296,350 | 56.1 | 5,628,091 | 50.4 | 12,421,881 | 53.3 |
| Construction costs | 855,581 | 37.1 | 4,491,274 | 40.2 | 9,402,562 | 40.4 |
| Capitalized interest | 146,941 | 6.4 | 996,345 | 8.9 | 1,381,790 | 5.9 |
| | 2,298,872 | 99.6 | 11,115,710 | 99.5 | 23,206,233 | 99.6 |
| Cost of management consulting services | 9,972 | 0.4 | 47,402 | 0.5 | 93,102 | 0.4 |
| Cost of property management services | — | — | 3,212 | 0.0 | 2,844 | 0.0 |
| Cost of property lease | — | — | — | — | 1,668 | 0.0 |
| Total | 2,308,844 | 100.0 | 11,166,324 | 100.0 | 23,303,847 | 100.0 |
| Total recognized GFA (sq.m.) | 183,024 | | 1,062,659 | | 2,696,799 | |
| Average cost per sq.m. recognized (RMB) ⁽¹⁾ | 12,560 | | 10,460 | | 8,605 | |
| Average cost per sq.m. as % of recognized ASP | 79.2% | | 79.9% | | 77.4% | |
| Average land use right cost per sq.m. recognized (RMB) ⁽²⁾ | 7,083 | | 5,296 | | 4,606 | |
| Average land use right cost per sq.m. as % of recognized ASP | 44.6% | | 40.4% | | 41.4% | |

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Notes:

- (1) Refers to the average cost of our property sales (excluding the costs associated with management consulting services, property management services and property lease) and is derived by dividing the sum of land use right costs, construction costs and capitalized interest for a period by the total recognized GFA in that period.
- (2) Refers to the average land use right cost of our property sales (excluding the costs associated with management consulting services, property management services and property lease) and is derived by dividing the land use right costs for a period by the total recognized GFA in that period.

Our cost of sales in absolute amount continued to increase during the Track Record Period, primarily due to the increase in the number of property projects completed and delivered, which in turn, resulted in the increase in our total recognized GFA. Cost of sales as a percentage of our revenue slightly increased from 2016 to 2017, which was mainly due to the increase in construction cost due to our accelerated property development activities. This was partially offset by the fact that the property projects delivered in such period were all located in suburban area of Wenzhou in the Yangtze River Delta Economic Region, which generally had a higher land acquisition cost compared with the projects we delivered in 2017 located in other cities in the Yangtze River Delta Economic Region, evidenced by the higher average land use right costs as a percentage of recognized ASP in 2016. As we continued to expand into additional cities in the Yangtze River Delta Economic Region and cities in other core economic regions where the land acquisition cost and construction cost were relatively lower as compared to those of the Yangtze River Delta Economic Region, our average cost per sq.m. as a percentage of recognized ASP decreased in 2018.

Gross Profit and Gross Profit Margin

The table below sets forth information relating to the gross profit and gross profit margin of each of our business lines for the periods indicated:

| | Year Ended December 31, | | | | | |
|--------------------------------|-------------------------|-------------|--------------------|-------------|--------------------|-------------|
| | 2016 | | 2017 | | 2018 | |
| | Gross Profit | | Gross Profit | | Gross Profit | |
| | Gross Profit | Margin | Gross Profit | Margin | Gross Profit | Margin |
| | (In RMB thousands) | % | (In RMB thousands) | % | (In RMB thousands) | % |
| Sales of properties | 604,948 | 20.8 | 2,797,469 | 20.1 | 6,785,859 | 22.6 |
| Management consulting services | 11,619 | 53.8 | 58,528 | 55.3 | 118,743 | 56.1 |
| Property management services | — | — | 3,978 | 55.3 | 3,477 | 55.0 |
| Property lease | — | — | — | — | 2,762 | 62.4 |
| Total | 616,567 | 21.1 | 2,859,975 | 20.4 | 6,910,841 | 22.9 |

The gross profit margin for our sales of properties remained relatively stable at 20.8% and 20.1%, respectively, in 2016 and 2017. The increase in gross profit margin for sales of properties from 20.1% in 2017 to

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22.6% in 2018 was mainly because the decrease in average cost per sq.m. recognized outpaced the decrease in recognized ASP per sq.m. in the relevant period. Such decrease in the average cost per sq.m. recognized was partially attributable to the decrease in average land use right cost per sq.m., resulting from our continuous geographic expansion into the third- and fourth-tier cities in the Yangtze River Delta Economic Region in other core economic regions where the land acquisition cost was relatively lower.

Our gross profit margin for management consulting services gradually improved from 53.8% in 2016 to 56.1% in 2018 as a result of the increasing economies of scale.

Our gross profit margin for property management services remained generally stable at around 55.0% during the Track Record Period.

We started to generate revenue from the lease of our investment properties in the second half of 2018 and the gross profit margin for property lease was approximately 62.4% for the year ended December 31, 2018.

Finance Income

Finance income consists of interest income on bank deposits, which gradually increased during the Track Record Period. During the Track Record Period, our interest income also included the interests on the funds we provided primarily to Suzhou Jinjian. Such interest income amounted to RMB18.0 million, RMB67.8 million and RMB168.5 million, respectively, in the years ended December 31, 2016, 2017 and 2018. For more details about our Co-investment Schemes under our Amoeba Ecosystem, see “Business — Amoeba Ecosystem.”

Other Income and Gains

The following table sets forth the components of other income and gains, in absolute amounts and as percentages of revenue, for the periods indicated:

| | Year Ended December 31, | | | | | |
|---|--|------------|---------------|------------|---------------|------------|
| | 2016 | | 2017 | | 2018 | |
| | RMB | % | RMB | % | RMB | % |
| | (In thousands, except for percentages) | | | | | |
| Gain on disposal of subsidiaries | — | — | 14,389 | 0.1 | 47,684 | 0.2 |
| Forfeiture of deposits | 4,078 | 0.1 | 8,508 | 0.1 | 14,814 | 0.1 |
| Foreign exchange differences, net | — | — | — | — | 10,630 | 0.0 |
| Government grants | — | — | 888 | 0.0 | 7,299 | 0.0 |
| Gain on disposal of associates | 5,732 | 0.2 | — | — | 6,802 | 0.0 |
| Gain on bargain purchase | 153,223 | 5.2 | — | — | — | — |
| Others | 442 | 0.0 | 732 | 0.0 | 7,816 | 0.0 |
| Total | 163,475 | 5.5 | 24,517 | 0.2 | 95,045 | 0.3 |

We disposed of certain subsidiaries and associates during the Track Record Period and recorded gains on such disposals in an aggregate amount of approximately RMB5.7 million, RMB14.4 million and RMB54.5 million in 2016, 2017 and 2018, respectively.

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Forfeiture of deposits primarily represented forfeited deposits received from certain potential customers 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.

Foreign exchange differences of RMB10.6 million in the year ended December 31, 2018 primarily resulted from the capital contributions in our offshore subsidiaries which were denominated in foreign currencies.

Government grants mainly represented various subsidies obtained from local governments, such as industry funds and subsidies for tax returns. Government grants were generally non-recurring in nature.

Gain on bargain purchase in 2016 resulted from our acquisition of 100% equity interest in Hangzhou Yuanmao in 2016 from an independent third party at a purchase consideration lower than the fair value of its net assets. See note 32(a) to the Accountants' Report in Appendix I to this prospectus for a detailed description of our acquisition of Hangzhou Yuanmao.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of advertising and marketing expenses, sales agent fees, staff cost, rental and office expenses, and other expenses relating to sales of our properties. Advertising and marketing expenses primarily include costs incurred in connection with outdoor advertisements, promotional offers made directly to our customers and certain other promotional events.

The following table sets forth a breakdown of major components of our selling and distribution expenses, in absolute amounts and as percentages of revenue, for the periods indicated:

| | Year Ended December 31, | | | | | |
|--|--|--------------------|-----------------------|-------------------|-------------------------|-------------------|
| | 2016 | | 2017 | | 2018 | |
| | RMB | % | RMB | % | RMB | % |
| | (In thousands, except for percentages) | | | | | |
| Advertising and marketing expenses | 313,939 | 10.7 | 568,537 | 4.0 | 986,822 | 3.3 |
| Staff costs | 34,180 | 1.2 | 155,552 | 1.1 | 177,328 | 0.6 |
| Sales agent fees | 25,469 | 0.9 | 50,326 | 0.4 | 105,212 | 0.3 |
| Rental and office expenses | 26,171 | 0.9 | 41,875 | 0.3 | 58,793 | 0.2 |
| Others | 5,427 | 0.2 | 7,408 | 0.1 | 5,746 | 0.0 |
| Total | <u>405,186</u> | <u>13.9</u> | <u>823,698</u> | <u>5.9</u> | <u>1,333,901</u> | <u>4.4</u> |

Our selling and distribution expenses in absolute amount continuously increased during the Track Record Period, primarily due to an increase in advertising and marketing expenses resulting from our strengthened selling and marketing efforts which was generally in line with our rapid business growth. The increase was also partially due to the expansion of our in-house sales and marketing team as well as the increase in the sales agent

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fees we incurred, both resulting from the significant increase in the number of new property projects for which are commenced pre-sales. Selling and distribution expenses as a percentage of total revenue in 2016 were relatively high, which was primarily because we enhanced our marketing activities and commenced the pre-sale in 2016 for a number of new property projects, which outpaced the total GFA we delivered during the same period. In 2017, as more property projects had been completed and delivered, our total recognized GFA significantly increased. As such, selling and distribution expenses as a percentage of total revenue in 2017 decreased considerably. In addition, due to the significant increase in our revenue from 2017 to 2018, selling and distribution expenses as a percentage of total revenue in 2018 continued to decrease.

Administrative Expenses

Administrative expenses primarily consist of staff costs, entertainment expenses, surcharges, professional fees, office and meeting expenses, rental cost, traveling expenses and various other administrative expenses.

The following table sets forth a breakdown of key components of our administrative expenses, in absolute amounts and as percentages of revenue, for the periods indicated:

| | Year Ended December 31, | | | | | |
|---|--|--------------------|-----------------------|-------------------|-------------------------|-------------------|
| | 2016 | | 2017 | | 2018 | |
| | RMB | % | RMB | % | RMB | % |
| | (In thousands, except for percentages) | | | | | |
| Staff costs | 190,537 | 6.4 | 278,712 | 2.0 | 882,879 | 3.0 |
| Entertainment expenses | 26,431 | 0.9 | 79,656 | 0.5 | 211,190 | 0.7 |
| Surcharges | 34,100 | 1.2 | 93,858 | 0.7 | 147,477 | 0.5 |
| Professional fee | 34,614 | 1.2 | 95,226 | 0.7 | 108,922 | 0.4 |
| Office and meeting expenses | 40,327 | 1.4 | 56,853 | 0.3 | 77,261 | 0.3 |
| Traveling | 11,486 | 0.4 | 22,646 | 0.2 | 70,977 | 0.2 |
| Rental cost | 21,175 | 0.7 | 31,864 | 0.2 | 65,368 | 0.2 |
| Listing expenses | — | — | 2,031 | 0.0 | 34,838 | 0.1 |
| Bank charges | 4,609 | 0.2 | 9,239 | 0.1 | 29,148 | 0.1 |
| Depreciation of property, plant and equipment | 6,006 | 0.2 | 7,342 | 0.1 | 11,699 | 0.0 |
| Others | 7,716 | 0.3 | 23,797 | 0.2 | 8,506 | 0.0 |
| Total | <u>377,001</u> | <u>12.9</u> | <u>701,224</u> | <u>5.0</u> | <u>1,648,265</u> | <u>5.5</u> |

Our administrative expenses in absolute amount continuously increased during the Track Record Period due to our business expansion, which resulted in increases in our management and administrative headcounts, entertainment expenses, traveling expenses and other administrative expenses. The increase was also attributable to the increase in our land acquisition activities, which increased the relevant surcharges. Administrative expenses as a percentage of total revenue in 2016 were relatively high, which was primarily because we accelerated our business development operations and in turn generally increased our overall administration expenses in such period. In 2017, as more property projects had been completed and sold, the total recognized

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GFA significantly increased. As such, administrative expenses as a percentage of total revenue in 2017 decreased considerably.

Impairment Losses on Financial Assets

We made prudent general provisions for losses arising from potential bad debts in respect of our receivables. Impairment losses on financial assets amounted to approximately RMB0.5 million, RMB2.2 million and RMB11.0 million for the years ended December 31, 2016, 2017 and 2018, respectively, which was in line with the continuous increase in our total trade and other receivables during the Track Record Period.

Other Expenses

The following table sets forth the components of other expenses, in absolute amounts and as percentages of revenue, for the periods indicated:

| | Year Ended December 31, | | | | | |
|--|--|------------|---------------|------------|----------------|------------|
| | 2016 | | 2017 | | 2018 | |
| | RMB | % | RMB | % | RMB | % |
| | (In thousands, except for percentages) | | | | | |
| Penalty expenses | 3,779 | 0.1 | 9,902 | 0.1 | 90,449 | 0.3 |
| Loss on disposal on subsidiaries | — | — | — | — | 70,899 | 0.2 |
| Compensation | 5 | 0.0 | 575 | 0.0 | 18,197 | 0.1 |
| Donations | 26,193 | 0.9 | 9,333 | 0.0 | 12,622 | 0.1 |
| Others | 82 | 0.0 | 523 | 0.0 | 5,593 | 0.0 |
| Total | 30,059 | 1.0 | 20,333 | 0.1 | 197,760 | 0.7 |

In preparation for this Global Offering, we conducted Reorganization and disposed of certain subsidiaries from late 2017, mainly at a consideration equivalent to the paid-in capital of each of such entities. Those subsidiaries were profitable and retained undistributed profits, which resulted in a disposal loss to us.

We incurred penalty expenses during the Track Record Period for certain non-compliance incidents during our property development process. In 2018, we incurred a late payment penalty of land premium of RMB20.0 million in connection with an acquired project. Since the delay in payment of land premium was due to the initial owner's negligence and occurred prior to our acquisition of the project, we had recovered such amount from the initial owner. See "Business — Compliance with Laws and Regulations — Non-compliance Incidents" for more details.

We place emphasis on social responsibility. We made various donations to social charity activities in the aggregate amount of RMB26.2 million, RMB9.3 million and RMB12.6 million, respectively, for the years ended December 31, 2016, 2017 and 2018.

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Compensation primarily represents the various occasional compensation amounts paid to certain of our customers, including the compensation incurred in the year ended December 31, 2018 attributable to an aggregate of approximately RMB3.0 million made to customers of one project due to our delay in delivering the properties. We had also incurred an expense of approximately RMB8.1 million due to our early termination of lease agreements.

Fair Value Gains on Investment Properties

We develop and hold certain commercial areas in our properties on a long-term basis for rental income or capital appreciation. Our investment properties are recorded as non-current assets in our consolidated statements of financial position at fair value as of each balance sheet date as determined by independent valuations. Gains or losses arising from changes in the fair value of our investment properties are accounted for as gains or losses in our consolidated statements of profit or loss and other comprehensive income, which may have a substantial effect on our profits. The valuation of property involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties may have been higher or lower if a different set of bases or assumptions is used. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the relevant balance sheet dates and do not generate any cash inflow for our operations. The amounts of fair value adjustments have been, and may continue to change based on property market conditions in China. Our investment properties are appraised annually by our independent property valuer.

We had five, ten and ten property projects with investment properties at various development stages as of December 31, 2016, 2017 and 2018, respectively. Fair value gains on investment properties for the years ended December 31, 2016, 2017 and 2018 amounted to RMB8.7 million, RMB261.9 million and RMB72.0 million, respectively. Fair value gains on investment properties in 2018 decreased from that in 2017 as we did not add any new investment properties in such period, while the construction of existing investment properties had been approaching to completion.

Fair Value Gains/Losses on Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss mainly represented wealth management products we purchased from reputable commercial banks and other financial institutions. During the Track Record Period, we invested in wealth management products, mainly low-risk funds in the PRC, for our treasury management purposes. We have established strict investment management procedures to monitor and control the potential risks relating to these investment activities. We recognized fair value gains on financial assets at fair value through profit or loss of RMB17.9 million in 2016, but recorded a fair value loss on financial assets at fair value through profit or loss of RMB5.4 million and RMB4.0 million in 2017 and 2018, respectively. Such fair value loss on financial assets arose from the realization of the investment income upon disposal of certain wealth management products, which caused a decrease in the fair value of the remaining unrealized financial assets. As of December 31, 2016, 2017 and 2018, our financial asset at fair value through profit or loss amounted to RMB596.2 million, RMB297.2 million and RMB228.8 million, respectively. We have established policies to monitor and control the potential risks relating to our investments in wealth management products. In principle,

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we only invest in wealth management products with low-risk profile. A proposed investment in wealth management shall be subject to the review and approval of the personnel in charge of capital management, finance department head, vice president and the president of our Group.

Finance Costs

Finance costs primarily consist of (i) interest expenses for bank and other borrowings net of capitalized interest relating to properties under development, and (ii) interest expense arising from revenue contracts, which is related to the pre-sale proceeds of our properties we received from our customers.

Interests on bank and other borrowings increased during the Track Record Period, which was generally in line with the growing financial needs arising from our business expansion. The construction period for a project does not necessarily coincide with the drawdown and repayment schedules of the relevant loan, not all of the interest costs related to a project can be capitalized. Our finance costs may fluctuate from period to period depending on the level of total interest expenses as well as the level of interest costs that are capitalized within the reporting period.

We enter into pre-sales and/or sales contracts with our customers, subject to which we are entitled to receive consideration from customers and assume performance obligations to transfer products to them. Proceeds from customers of pre-sold properties are recorded as “contract liabilities” under the current liabilities before relevant sales revenue is recognized. The timing between the collection of proceeds and revenue recognition may not only affect the amount and growth rate of our revenue from sales of properties but also cause contract liabilities and interest expense arising from revenue contracts to fluctuate from period to period. Interest expense arising from revenue contracts were based on an incremental borrowing rate by reference to our total borrowings and assets in the relevant period. Interest expense arising from revenue contracts amounted to RMB131.9 million, RMB477.2 million and RMB589.0 million for the years ended December 31, 2016, 2017 and 2018, respectively, which was in line with the increase in the pre-sales of our properties.

Share of Profits and Losses of Joint Ventures and Associates

We from time to time develop property projects jointly with third parties by establishing joint ventures and/or associates. During the Track Record Period, share of profits and losses of joint ventures and associates fluctuated subject to the increasing number of our invested joint ventures and associates as well as the operations of those entities. Since most of those joint ventures were operating at a loss during the Track Record Period as the property projects developed by them had not been completed and delivered, we recorded a share of losses of joint ventures during the Track Record Period. Similarly, we recorded share of losses of associates in 2016. Since 2017, some of our associates had commenced to generate revenue as they completed and delivered the property projects they developed. As such, we recognized a share of profits of associates of RMB14.6 million and RMB717.5 million in 2017 and 2018, respectively.

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Income Tax Credit/Expense

Our subsidiaries in the PRC are subject to corporate income tax and LAT. Our corporate income tax and LAT expenses continuously increased during the Track Record Period, reflecting the increase in the number of properties we completed and delivered, thus, an increase in our taxable income.

We were operating at a loss in 2016 and an income tax credit of RMB4.2 million was recorded in that year, primarily due to the credit of deferred tax expenses of RMB147.3 million during such period. Due to our rapid growth, we became profitable since 2017 and recorded income tax expenses of RMB769.3 million and RMB1,912.2 million in 2017 and 2018, respectively.

| | Year Ended December 31, | | | | | |
|---|--|--------------|------------------|--------------|------------------|--------------|
| | 2016 | | 2017 | | 2018 | |
| | RMB | % | RMB | % | RMB | % |
| | (In thousands, except for percentages) | | | | | |
| Current tax | | | | | | |
| PRC corporate income tax | 101,810 | 3.5 | 1,044,178 | 7.4 | 1,625,595 | 5.4 |
| PRC LAT | 41,349 | 1.4 | 452,918 | 3.2 | 1,183,637 | 3.9 |
| Deferred tax | <u>(147,345)</u> | <u>(5.0)</u> | <u>(727,785)</u> | <u>(5.2)</u> | <u>(897,043)</u> | <u>(3.0)</u> |
| Total tax (credit)/charge for the year | <u>(4,186)</u> | <u>(0.1)</u> | <u>769,311</u> | <u>5.4</u> | <u>1,912,189</u> | <u>6.3</u> |

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, 2016, 2017 and 2018, our effective corporate income tax rate was approximately 14.4%, 38.8% and 22.4%, respectively.

The fluctuation in our effective income tax rate (deducting the tax effect from LAT) during the Track Record Period was primarily due to recognition on deferred tax assets for deductible temporary difference and unused tax losses. 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.

Our effective corporate income tax rate was relatively low in 2016 primarily because we were operating at a loss and had not commenced to recognize revenue for most of our projects in such period. In addition, the low effective corporate income tax rate in 2016 was also attributable to the gain on bargain purchase resulting from the acquisition of Hangzhou Yuanmao which was non-taxable. Effective corporate income tax rate increased in 2017 as we became profitable since this period and more subsidiaries commenced pre-sales and started to generate revenue. To a lesser extent, the increase in the effective corporate income tax rate was also attributable to an increase in non-deductible expenses in 2017. Effective corporate income tax rate decreased to 22.4% in 2018, mainly because profit before tax resulting from the share of profits and losses of joint ventures and associates, which is non-taxable according to the tax laws in China, grew rapidly compared with that recognized in 2017.

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Loss/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. In addition, we were not active in acquiring land parcels prior to 2014, which limited the number of property projects being delivered and revenue being recognized in 2016. We engaged in quick expansion and significant land acquisition activities from 2015 and onwards. As such, we recorded significant expenses in connection with our land acquisition and property development as well as ongoing operations but did not record the corresponding increase in revenue in 2016. As a result, we incurred a net loss in 2016. Starting from 2017, with more properties projects being completed, the relatively higher revenue contributed by the increase in total recognized GFA outpaced the total costs incurred during the year and a net profit was therefore resulted in 2017. As a result of the continuous and rapid growth of our revenue in 2018, our net profit further increased in 2018.

Non-controlling Interests

Throughout the Track Record Period, the non-controlling interests of our Company mainly included (i) the minority equity interests in our project companies held by third parties with which we jointly develop property projects, and (ii) the minority interests held by the investment vehicles collectively established by our relevant employees subject to our Co-investment Schemes.

TAXATION

Cayman Islands

We are incorporated in the Cayman Islands as an exempt company with limited liability. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax in the Cayman Islands.

Hong Kong

No provision for Hong Kong profits tax had been made during the Track Record Period as we did not generate any assessable profits arising in Hong Kong.

PRC

Income tax

Pursuant to the EIT Law, a uniform 25% enterprise 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% enterprise income tax rate. We had not distributed any dividends as of December 31, 2018. 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.

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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 in which 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 sales 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

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Revenue

Our revenue increased by approximately 115.4% from RMB14,026.3 million in 2017 to RMB30,214.7 million in 2018, primarily due to the increase in revenue derived from our sales of properties.

The table below sets forth a summary of revenues derived from each of our business lines:

| | Year Ended December 31, | | | |
|--|--|--------------|-------------------|--------------|
| | 2017 | | 2018 | |
| | RMB | % | RMB | % |
| | (In thousands, except for percentages) | | | |
| Sales of properties | 13,913,179 | 99.2 | 29,992,092 | 99.3 |
| Management consulting services | 105,930 | 0.7 | 211,845 | 0.7 |
| Property management services | 7,190 | 0.1 | 6,321 | 0.0 |
| Property lease | — | — | 4,430 | 0.0 |
| Total | 14,026,299 | 100.0 | 30,214,688 | 100.0 |

Revenue from sales of properties. Revenue derived from sales of properties increased by approximately 115.6% from RMB13,913.2 million in 2017 to RMB29,992.1 million in 2018, primarily due to an increase in the total recognized GFA. The total recognized GFA increased from 1,062,659 sq.m. in 2017 to 2,696,799 sq.m. in 2018, primarily attributable to an increase in the number of properties sold and delivered in the Yangtze River Delta Economic Region, the Midwest China Economic Region and the Western Taiwan Straits Economic Zone. In addition, we commenced to generate revenue from properties located in the Pan-Bohai Economic Rim and the Pearl River Delta Economic Zone in 2018, respectively.

The overall recognized ASP per sq.m. slightly decreased from RMB13,093 per sq.m. in 2017 to RMB11,121 per sq.m. in 2018, primarily because we expanded into more cities in the Yangtze River Delta Economic Region where the recognized ASP per sq.m. of properties was generally lower than that of cities in the

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same region we entered into at the early stage. In addition, the decrease was also due to our geographic expansion into other economic regions where the average recognized ASP per sq.m. was also generally lower than that of the Yangtze River Delta Economic Region.

The table below sets forth the revenue recognized, the total recognized GFA and the recognized ASP for our projects for 2017 and 2018:

| | Year Ended December 31, | | | | | | | |
|---|----------------------------------|------|------------------------------|--------------------------------------|----------------------------------|------|------------------------------|--------------------------------------|
| | 2017 | | | | 2018 | | | |
| | Revenue (in RMB thousands) | % | Recognized GFA (sq.m.) | Recognized ASP (RMB per sq.m.) | Revenue (in RMB thousands) | % | Recognized GFA (sq.m.) | Recognized ASP (RMB per sq.m.) |
| Yangtze River Delta Economic Region | | | | | | | | |
| Wenzhou | 9,466,016 | 68.0 | 629,090 | 15,047 | 6,885,900 | 23.0 | 446,907 | 15,408 |
| Ningbo | 127,391 | 0.9 | 10,044 | 12,683 | 4,664,561 | 15.6 | 328,662 | 14,193 |
| Suzhou | 84,890 | 0.6 | 6,233 | 13,619 | 2,239,635 | 7.5 | 154,105 | 14,533 |
| Shaoxing | 64,736 | 0.5 | 8,130 | 7,963 | 1,939,010 | 6.5 | 238,374 | 8,134 |
| Taizhou | 735,961 | 5.3 | 57,458 | 12,809 | 1,593,645 | 5.3 | 138,303 | 11,523 |
| Hangzhou | 118,414 | 0.9 | 14,259 | 8,305 | 818,672 | 2.7 | 77,582 | 10,552 |
| Others | 2,992,072 | 21.5 | 292,763 | 10,220 | 10,311,341 | 34.3 | 1,102,278 | 9,355 |
| Yangtze River Delta Economic Region Sub-total | 13,589,480 | 97.7 | 1,017,977 | 13,349 | 28,452,764 | 94.9 | 2,486,211 | 11,444 |
| Midwest China Economic Region | | | | | | | | |
| Dazhou | 4,307 | 0.0 | 683 | 6,307 | 144,186 | 0.5 | 21,525 | 6,699 |
| Xuchang | — | — | — | — | 75,993 | 0.3 | 10,139 | 7,495 |
| Kunming | — | — | — | — | 56,788 | 0.2 | 7,626 | 7,447 |
| Changsha | 6,533 | 0.1 | 1,337 | 4,886 | 19,912 | 0.1 | 3,772 | 5,279 |
| Others | — | — | — | — | 285,264 | 0.8 | 40,420 | 7,057 |
| Midwest China Economic Region Sub-total | 10,840 | 0.1 | 2,020 | 5,366 | 582,143 | 1.9 | 83,482 | 6,973 |
| Pan-Bohai Economic Rim | | | | | | | | |
| Yantai | — | — | — | — | 93,450 | 0.3 | 15,981 | 5,848 |
| Linyi | — | — | — | — | 21,802 | 0.1 | 2,583 | 8,441 |
| Others | — | — | — | — | 58,353 | 0.2 | 7,029 | 8,302 |
| Pan-Bohai Economic Rim Sub-total | — | — | — | — | 173,605 | 0.6 | 25,593 | 6,783 |
| Western Taiwan Straits Economic Zone | | | | | | | | |
| Ganzhou | 54,157 | 0.4 | 7,044 | 7,688 | 281,785 | 0.9 | 35,391 | 7,962 |
| Ningde | 3,458 | 0.0 | 277 | 12,483 | 146,372 | 0.5 | 20,674 | 7,080 |
| Jiujiang | 157,787 | 1.1 | 22,007 | 7,170 | 110,291 | 0.4 | 12,748 | 8,652 |
| Others | 97,457 | 0.7 | 13,334 | 7,309 | 244,748 | 0.8 | 32,640 | 7,498 |

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| | Year Ended December 31, | | | | | | | |
|-------------------------|----------------------------------|--------------|------------------------------|--------------------------------------|----------------------------------|--------------|------------------------------|--------------------------------------|
| | 2017 | | | | 2018 | | | |
| | Revenue (in RMB thousands) | % | Recognized GFA (sq.m.) | Recognized ASP (RMB per sq.m.) | Revenue (in RMB thousands) | % | Recognized GFA (sq.m.) | Recognized ASP (RMB per sq.m.) |
| Western Taiwan | | | | | | | | |
| Straits Economic | | | | | | | | |
| Zone Sub-total . . | 312,859 | 2.2 | 42,662 | 7,333 | 783,196 | 2.6 | 101,453 | 7,720 |
| Pear River Delta | | | | | | | | |
| Economic | | | | | | | | |
| Zone | — | — | — | — | 384 | 0.0 | 60 | 6,400 |
| Total | 13,913,179 | 100.0 | 1,062,659 | 13,093 | 29,992,092 | 100.0 | 2,696,799 | 11,121 |

Management consulting services. Revenue derived from management consulting services increased from RMB105.9 million in 2017 to RMB211.8 million in 2018, primarily due to an increase in the number of joint ventures, associates and third parties which we have invested in.

Property management services. Revenue derived from property management services decreased from RMB7.2 million in 2017 to RMB6.3 million in 2018. We commenced to provide such services from the second half of 2017 which were excluded from our Group upon our Reorganization since April 2018.

Property lease. We started to recognize property lease income in the second half of 2018 which was derived from two of our completed investment properties. Revenue derived from property lease amounted to RMB4.4 million in 2018.

Cost of Sales

Our cost of sales increased by approximately 108.7% from RMB11,166.3 million in 2017 to RMB23,303.8 million in 2018, primarily due to a significant increase in the scale of our operations as evidenced by the increase in recognized GFA. Average cost per sq.m. recognized decreased from RMB10,460 per sq.m. in 2017 to RMB8,605 per sq.m. in 2018, primarily due to a decrease in land use right costs as we expanded into cities in the Yangtze River Delta Economic Region and other economic regions where the average land acquisition costs per sq.m. were relatively lower than those of the cities where we operated in 2017. To a lesser extent, construction costs as a percentage of total cost of sales also decreased, benefiting from our cost control efforts and increasing economy of scale.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately 141.6% from RMB2,860.0 million in 2017 to RMB6,910.8 million in 2018. The increase was primarily due to our significant increase in recognized GFA which resulted in the increase in our revenue that outpaced the increase in our cost of sales. Our gross profit margin increased from 20.4% in 2017 to 22.9% in 2018, which was primarily due to the increased proportion of recognized GFA with a higher gross profit margin in 2018 due to the lower land acquisition cost in cities where we expanded into.

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Finance Income

Finance income increased by approximately 134.5% from RMB150.8 million in 2017 to RMB353.7 million in 2018, primarily due to an increase in interests on funds we provided primarily to Suzhou Jinjian, as well as an increase in interest income on our bank deposits resulting from our increase in sales.

Other Income and Gains

Other income and gains increased by approximately 287.7% from RMB24.5 million in 2017 to RMB95.0 million in 2018, primarily due to a RMB33.3 million increase in gain on disposal of subsidiaries.

Selling and Distribution Expenses

Our selling and distribution expenses increased by approximately 61.9% from RMB823.7 million in 2017 to RMB1,333.9 million in 2018, primarily attributable to the increase in our advertising and marketing expenses to promote new property projects.

Selling and distribution expenses as a percentage of total revenue decreased from 5.9% in 2017 to 4.4% in 2018, primarily due to the significant increase in our revenue from 2017 to 2018.

Administrative Expenses

Our administrative expenses increased by approximately 135.1% from RMB701.2 million in 2017 to RMB1,648.3 million in 2018, primarily due to our business expansion, resulting in the increase in our administrative staff costs as the management and administrative headcounts increased, the overall increases in entertainment expenses, office and meeting expenses, traveling expenses, tax and other surcharges, and other miscellaneous expenses. In addition, we incurred listing expenses of RMB34.8 million in 2018, compared with the listing expenses of RMB2.0 million in 2017.

Administrative expenses as a percentage of total revenue slightly increased from 5.0% in 2017 to 5.5% in 2018.

Impairment Losses on Financial Assets

We made prudent general provisions for losses arising from potential bad debts in respect of our receivables. Impairment losses on financial assets increased from approximately RMB2.2 million in 2017 to RMB11.0 million in 2018, which was in line with the continuous increase in our total trade and other receivables during such periods.

Other Expenses

Our other expenses significantly increased from RMB20.3 million in 2017 to RMB197.8 million in 2018, primarily due to a RMB80.5 million increase in penalty expenses and a disposal loss of RMB70.9 million on subsidiaries.

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Fair Value Gains on Investment Properties

Fair value gains on investment properties decreased by approximately 72.5% from RMB261.9 million in 2017 to RMB72.0 million in 2018. The decrease was mainly because we did not add any new investment properties in 2018, while the construction of the existing investment properties had been approaching to completion, the level of appreciation in value of such investment properties was relatively lower as compared to that in 2017. Fair value gains on investment properties in 2017 and 2018 were mainly attributable to the appreciation in value of Wenzhou Longwan Zhongliang Huahong Capital ONE, Qingtian Zhongliang Joy Plaza, Sanmen Zhongliang Glory Mansion, and Ruijin Zhongliang Fortune Garden.

Fair Value Losses on Financial Assets at Fair Value through Profit or Loss

Fair value losses on financial assets at fair value through profit or loss primarily related to the wealth management products we purchased from domestic commercial banks. We recorded a fair value loss on financial assets of RMB5.4 million and RMB4.0 million in 2017 and 2018, respectively, arising from the realization of the investment income upon disposal of certain wealth management products, which caused a decrease in the fair value of the remaining unrealized financial assets. We had reduced the purchases of wealth management products since late 2017 because we applied more available capital resources to our property development activities.

Finance Costs

Our finance costs increased by approximately 21.7% from RMB356.3 million in 2017 to RMB433.5 million in 2018, primarily due to an increase of RMB216.7 million in interests of bank and other borrowings and an increase of RMB111.8 million in interest expense arising from revenue contracts in connection with the significant increase in our pre-sales of our property projects, partially offset by an increase of RMB251.3 million in capitalized interest.

Share of Losses of Joint Ventures

Our share of losses of joint ventures decreased by approximately 39.0% from RMB134.8 million in 2017 to RMB82.2 million in 2018, primarily because some of our joint ventures completed and delivered the property projects they developed over such period, and therefore, commenced to generate revenue.

Share of Profits of Associates

Our share of profits of associates increased significantly from RMB14.6 million in 2017 to RMB717.5 million in 2018, primarily because some of our associates completed and delivered the property projects they developed over such period, and therefore, commenced to generate revenue.

Profit Before Tax

As a result of the foregoing, we recognized profit before tax of RMB1,267.9 million and RMB4,438.5 million in 2017 and 2018, respectively.

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Income Tax Expense

Our income tax expense increased from RMB769.3 million in 2017 to RMB1,912.2 million in the corresponding period in 2018, primarily due to a significant increase in our profit before tax.

Profit for the Year

As a result of the foregoing and particularly due to the fact that the delivery of our properties only accelerated since late 2017 and throughout 2018, our net profit increased by 406.7% from RMB498.6 million in 2017 to RMB2,526.3 million in 2018. Our net profit margin increased from 3.6% in 2017 to 8.4% in 2018, primarily due to the increase in gross profit margin and the increase in the share of profits of associates during the year.

Loss/Profit Attributable to Non-controlling Interests

Loss/profit attributable to non-controlling interests fluctuated during the relevant periods, primarily due to the varying non-controlling interests in our project companies in the relevant periods. Loss attributable to non-controlling shareholders in 2017 was mainly due to the fact that most of the relevant project companies with non-controlling interests had not started to deliver properties and recognize revenue, therefore operating at a loss. It improved to profit attributable to non-controlling shareholders in 2018, primarily because the total recognized GFA by the project companies with non-controlling interests increased significantly.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenue

Our revenue increased by approximately 379.5% from RMB2,925.4 million in 2016 to RMB14,026.3 million in 2017, primarily due to the increase in revenue derived from our sales of properties.

The table below sets forth a summary of revenues derived from each of our business lines:

| | Year Ended December 31, | | | |
|--|--|--------------|-------------------|--------------|
| | 2016 | | 2017 | |
| | RMB | % | RMB | % |
| | (In thousands, except for percentages) | | | |
| Sales of properties | 2,903,820 | 99.3 | 13,913,179 | 99.2 |
| Management consulting services | 21,591 | 0.7 | 105,930 | 0.7 |
| Property management services | — | — | 7,190 | 0.1 |
| Total | 2,925,411 | 100.0 | 14,026,299 | 100.0 |

Revenue from sales of properties. Revenue derived from sales of properties increased by approximately 379.1% from RMB2,903.8 million in 2016 to RMB13,913.2 million in 2017, primarily due to the increase in the

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total recognized GFA which increased significantly from 183,024 sq.m. in 2016 to 1,062,659 sq.m. in 2017. The increase was primarily attributable to an increase in the number of properties sold and delivered in the Yangtze River Delta Economic Region. In addition, we commenced to generate revenue from properties in the Midwest China Economic Region and the Western Taiwan Straits Economic Zone in 2017.

The overall recognized ASP per sq.m. decreased from RMB15,866 per sq.m. in 2016 to RMB13,093 per sq.m. in 2017, primarily because we expanded into the additional third- and fourth-tier cities in the Yangtze River Delta Economic Region and into the cities in the Midwest China Economic Region and the Western Taiwan Straits Economic Zone where the overall selling prices of real estate properties were generally lower than that of cities we operated in 2016.

The table below sets forth the revenue recognized, the total recognized GFA and the recognized ASP for our projects for 2016 and 2017:

| | Year Ended December 31, | | | | | | | |
|---|----------------------------------|--------------|------------------------------|--------------------------------------|----------------------------------|-------------|------------------------------|--------------------------------------|
| | 2016 | | | | 2017 | | | |
| | Revenue (in RMB thousands) | % | Recognized GFA (sq.m.) | Recognized ASP (RMB per sq.m.) | Revenue (in RMB thousands) | % | Recognized GFA (sq.m.) | Recognized ASP (RMB per sq.m.) |
| Yangtze River Delta Economic Region | | | | | | | | |
| Wenzhou | 2,431,600 | 83.7 | 129,009 | 18,848 | 9,466,016 | 68.0 | 629,090 | 15,047 |
| Taizhou | 32,803 | 1.1 | 3,668 | 8,943 | 735,961 | 5.3 | 57,458 | 12,809 |
| Ningbo | 80,535 | 2.8 | 5,854 | 13,757 | 127,391 | 0.9 | 10,044 | 12,683 |
| Hangzhou | 171,984 | 5.9 | 27,549 | 6,243 | 118,414 | 0.9 | 14,259 | 8,305 |
| Suzhou | 21,379 | 0.8 | 1,808 | 11,825 | 84,890 | 0.6 | 6,233 | 13,619 |
| Shaoxing | 33,962 | 1.2 | 3,614 | 9,397 | 64,736 | 0.5 | 8,130 | 7,963 |
| Others | 131,557 | 4.5 | 11,522 | 11,418 | 2,992,072 | 21.5 | 292,763 | 10,220 |
| Yangtze River Delta Economic Region Sub-total | <u>2,903,820</u> | <u>100.0</u> | <u>183,024</u> | <u>15,866</u> | <u>13,589,480</u> | <u>97.7</u> | <u>1,017,977</u> | <u>13,349</u> |
| Midwest China Economic Region | | | | | | | | |
| Dazhou | — | — | — | — | 4,307 | 0.0 | 683 | 6,307 |
| Changsha | — | — | — | — | 6,533 | 0.1 | 1,337 | 4,886 |
| Midwest China Economic Region Sub-total | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>10,840</u> | <u>0.1</u> | <u>2,020</u> | <u>5,366</u> |
| Western Taiwan Straits Economic Zone | | | | | | | | |
| Jiujiang | — | — | — | — | 157,787 | 1.1 | 22,007 | 7,170 |
| Ganzhou | — | — | — | — | 54,157 | 0.4 | 7,044 | 7,688 |
| Ningde | — | — | — | — | 3,458 | 0.0 | 277 | 12,483 |
| Others | — | — | — | — | 97,457 | 0.7 | 13,334 | 7,309 |

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| | Year Ended December 31, | | | | | | | |
|------------------------|----------------------------------|--------------|------------------------------|--------------------------------------|----------------------------------|--------------|------------------------------|--------------------------------------|
| | 2016 | | | | 2017 | | | |
| | Revenue (in RMB thousands) | % | Recognized GFA (sq.m.) | Recognized ASP (RMB per sq.m.) | Revenue (in RMB thousands) | % | Recognized GFA (sq.m.) | Recognized ASP (RMB per sq.m.) |
| Western Taiwan | | | | | | | | |
| Straits Economic | | | | | | | | |
| Zone Sub-total . . . | — | — | — | — | 312,859 | 2.2 | 42,662 | 7,333 |
| Total | 2,903,820 | 100.0 | 183,024 | 15,866 | 13,913,179 | 100.0 | 1,062,659 | 13,093 |

Management consulting services. Revenue derived from management consulting services increased by approximately 390.3% from RMB21.6 million in 2016 to RMB105.9 million in 2017, primarily due to the increase in the number of joint ventures, associates and third parties to which we provided such management consulting services.

Property management services. We commenced property management services business in 2017 and recorded revenue derived from such services of RMB7.2 million in 2017.

Cost of Sales

Our cost of sales increased by approximately 383.6% from RMB2,308.8 million in 2016 to RMB11,166.3 million in 2017, primarily due to a significant increase in the scale of our operations as evidenced by the increase in the recognized GFA. Average cost per sq.m. recognized decreased from RMB12,560 per sq.m. in 2016 to RMB10,460 per sq.m. in 2017, primarily due to a decrease in land use right costs. As we expanded into the additional third- and fourth-tier cities in the Yangtze River Delta Economic Region and the cities in the Midwest China Economic Region and the Western Taiwan Straits Economic Zone, the average land acquisition costs per sq.m. generally declined.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately 363.8% from RMB616.6 million in 2016 to RMB2,860.0 million in 2017, primarily due to the significant increase in recognized GFA. Our gross profit margin remained relatively stable at 21.1% and 20.4% in 2016 and 2017, respectively.

Finance Income

Finance income increased by approximately 136.4% from RMB63.8 million in 2016 to RMB150.8 million in 2017, primarily due to an increase in interests on the funds we provided to Suzhou Jinjian, and an increase in interest income on our bank deposits resulting from our increase in sales.

Other Income and Gains

Other income and gains decreased by approximately 85.0% from RMB163.5 million in 2016 to RMB24.5 million in 2017, primarily due to a gain on bargain purchase of RMB153.2 million recorded in 2016 in connection with our acquisition of 100% equity interest in Hangzhou Yuanmao.

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Selling and Distribution Expenses

Our selling and distribution expenses increased by approximately 103.3% from RMB405.2 million in 2016 to RMB823.7 million in 2017, primarily attributable to (i) an increase in our advertising and distribution expenses to promote new property projects; and (ii) the expansion of our in-house sales and marketing team to support our rapid business expansion.

Selling and distribution expenses as a percentage of total revenue decreased from 13.9% in 2016 to 5.9% in 2017, primarily because we accelerated our property development activities since 2016, which resulted in the increase in upfront expenses incurred outpaced the increase in GFA completed and delivered over the same periods.

Administrative Expenses

Our administrative expenses increased by approximately 86.0% from RMB377.0 million in 2016 to RMB701.2 million in 2017, primarily due to the increases in our management and administrative headcount, entertainment expenses, tax and other surcharges, and other miscellaneous expenses which was in line with our business expansion.

Administrative expenses as a percentage of total revenue decreased from 12.9% in 2016 to 5.0% in 2017, primarily because we accelerated our property development activities since 2016, which resulted in the increase in upfront expenses incurred outpaced the increase in GFA completed and delivered over the same periods.

Impairment Losses on Financial Assets

We made prudent general provisions for losses arising from potential bad debts in respect of our receivables. Impairment losses on financial assets increased from approximately RMB0.5 million in 2016 to RMB2.2 million in 2017, which was in line with the continuous increase in our total trade and other receivables during the Track Record Period.

Other Expenses

Our other expenses decreased by approximately 32.6% from RMB30.1 million in 2016 to RMB20.3 million in 2017, primarily due to a RMB16.9 million decrease in charity donations, partially offset by an increase of RMB6.1 million in penalty expenses.

Fair Value Gains on Investment Properties

Fair value gains on investment properties increased significantly from RMB8.7 million in 2016 to RMB261.9 million in 2017, reflecting our accelerated development for our investment properties in 2017. The number of our projects with investment properties at various development stages increased from five as of December 31, 2016 to ten as of December 31, 2017. Fair value gains on investment properties in 2016 and 2017 were mainly attributable to the appreciation in value of Wenzhou Longwan Zhongliang Huahong Capital ONE, Qingtian Zhongliang Joy Plaza, and Ruijin Zhongliang Fortune Garden.

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Fair Value Gains/Loss on Financial Assets at Fair Value through Profit or Loss

Fair value gains on financial assets at fair value through profit or loss primarily related to the wealth management products we purchased from domestic commercial banks. We recognized a fair value gain on financial assets of RMB17.9 million in 2016, while we recorded a fair value loss on financial assets of RMB5.4 million in 2017 arising from the recognition of the investment income upon disposal of certain wealth management products, which caused a decrease in the fair value of the remaining unrealized financial assets.

Finance Costs

Our finance costs increased by approximately 32.5% from RMB269.0 million in 2016 to RMB356.3 million in 2017, primarily due to a RMB651.8 million increase in interests on bank and other borrowings and a RMB345.3 million increase in interest expense arising from revenue contracts in connection with the significant increase in our pre-sales of our property projects, partially offset by RMB909.8 million increase in capitalized interests, which was in line with the significant increase in the number of projects under development in 2017.

Share of Losses of Joint Ventures

Share of losses of joint ventures increased by approximately 363.2% from RMB29.1 million in 2016 to RMB134.8 million in 2017, primarily because we increased our investments in joint ventures to develop property projects with third-party and most of such joint ventures have been operating at a loss in 2016 and 2017.

Share of Losses/Profits of Associates

We incurred share of losses of associates of RMB33.6 million in 2016 and recognized share of profits of associates of RMB14.6 million in 2017, primarily due to the increase in the number of revenue-generating associates in 2017.

Loss/Profit Before Tax

As a result of the foregoing, we recognized a profit before tax of RMB1,267.9 million in 2017, while we incurred a loss before tax of RMB274.0 million in 2016.

Income Tax Credit/(Expense)

Income tax credit amounted to RMB4.2 million in 2016, primarily due to the credit of deferred tax expenses of RMB147.3 million in 2016, offsetting by the current corporate income tax of RMB101.8 million and current LAT of RMB41.3 million, respectively.

Due to our rapid growth, we became profitable since 2017 and recorded income tax expenses of RMB769.3 million in 2017, which consisted of current corporate income tax of RMB1,044.2 million and current LAT of RMB452.9 million, partially offset by deferred tax of RMB727.8 million.

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Loss/Profit for the Year

As a result of the foregoing, we incurred a net loss for the year of RMB269.8 million in 2016, while we recognized a net profit for the year of RMB498.6 million in 2017.

Loss Attributable to Non-controlling Interests

Loss attributable to non-controlling interests fluctuated and decreased from RMB101.1 million in 2016 to RMB4.1 million in 2017, primarily due to the fact that most of relevant project companies with non-controlling interests had not started to deliver properties or recognize revenue in 2016, thus, operating at a loss. The improvement in 2017 was primarily because both the total recognized GFA of the project companies with non-controlling interests and the number of revenue-generating project companies with non-controlling interests increased.

CERTAIN BALANCE SHEET ITEMS

Investment Properties

We retain a portion of the properties that we developed mainly for rental purpose and the appreciation of property value. The fair value of each of our investment properties has fluctuated, and is likely to continue to fluctuate, in accordance with the prevailing property market conditions. See “— Description of Certain Major Components of Our Consolidated Statement of Profit or Loss and Other Comprehensive Income — Fair Value Gains on Investment Properties” for more details. We had five, ten and ten property projects with investment properties at various development stages as of December 31, 2016, 2017 and 2018, respectively, and the fair value of our investment properties amounted to RMB324.5 million, RMB791.0 million and RMB928.9 million as of the same dates, respectively.

The following table sets forth the fair value gains on our investment properties by geographic regions for the periods indicated:

| | Year Ended December 31, | | |
|--|-------------------------|----------------|---------------|
| | 2016 | 2017 | 2018 |
| | (In RMB thousands) | | |
| Yangtze River Delta Economic Region | 8,725 | 171,644 | 35,171 |
| Midwest China Economic Region | — | 46,419 | 25,124 |
| Western Taiwan Straits Economic Zone | — | 43,835 | 11,676 |
| Total | 8,725 | 261,898 | 71,971 |

Fair value of our investment properties increased from 2016 to 2018, primarily due to an increase in the fair value of these investment properties as a result of appreciation and an increase in our capital expenditure for projects under development. Fair value gain of our investment properties decreased in 2018 as compared to that of 2017 because we did not add any new investment properties in such period, while the construction of existing investment properties had been approaching to completion.

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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, 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 continuously increased from RMB29,236.1 million as of December 31, 2016 to RMB61,380.0 million as of December 31, 2017, and further to RMB99,481.4 million as of December 31, 2018. The general increase was primarily due to the continuous increases in our land bank and property development activities over the same periods.

In the four months ended April 30, 2019, approximately RMB5,566.2 million, or 5.6%, of our properties under development as of December 31, 2018, was transferred to completed properties.

Completed Properties Held for Sale

Completed properties held for sale represent completed GFA remaining unrecognized 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 refers to the related costs incurred attributable to the unsold properties. Net realizable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable selling expenses, or by management estimates of the estimated selling prices based on prevailing market conditions. As of December 31, 2016, 2017 and 2018, we had completed properties held for sale of RMB1,128.1 million, RMB2,302.7 million and RMB3,596.4 million, respectively. We have obtained the construction completion certificates in respect of all completed properties held by us for sale.

In the four months ended April 30, 2019, approximately RMB2,485.0 million, or 69.1%, of our completed properties held for sale as of December 31, 2018, was subsequently sold.

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Prepayments and other receivables

The following table sets out the breakdown of our Prepayments and other receivables as of the dates indicated:

| | As of December 31, | | |
|--|-------------------------|-------------------------|--------------------------|
| | 2016 | 2017 | 2018 |
| | (In RMB thousands) | | |
| Deposits for land auction | 1,111,600 | 264,804 | 1,310,696 |
| Due from non-controlling shareholders of subsidiaries | 381,110 | 2,303,945 | 10,511,110 |
| Prepaid tax and other tax recoverable | 861,579 | 2,474,097 | 4,831,011 |
| Other deposits | 115,981 | 355,225 | 3,110,325 |
| Progress prepayments for acquisition of land use rights | 137,800 | 1,334,026 | 370,952 |
| Deposits related to third party's land use rights | 171,413 | 570,729 | 1,061,478 |
| Receivables from disposal of subsidiaries, joint ventures and associates | — | 85,000 | 85,000 |
| Prepayments for investments in joint ventures and associates | — | 46,202 | 96,202 |
| Prepayments for construction cost | 3,448 | 135,362 | 214,589 |
| Other receivables | 133,638 | 193,220 | 728,357 |
| Total | <u>2,916,569</u> | <u>7,762,610</u> | <u>22,319,720</u> |
| Less: Impairment | 497 | 2,659 | 13,623 |
| Less: Portion classified as current assets | <u>2,916,072</u> | <u>7,713,749</u> | <u>22,209,895</u> |
| Non-current portion | <u>—</u> | <u>46,202</u> | <u>96,202</u> |

Deposits for land auction represent the tender deposits prepaid for bidding of land use rights, which fluctuated subject to the timing and deposits required for the biddings of land parcels we intended to participate in.

Amounts due from non-controlling shareholders of subsidiaries are mainly cash advances made from our non-wholly owned subsidiaries to independent third party non-controlling shareholders from time to time before the final settlement and distribution of our jointly-developed projects during the Track Record Period. Amounts due from non-controlling shareholders of subsidiaries gradually increased during the Track Record Period primarily due to the increase in the number of our non-wholly owned subsidiaries as a result of our business expansion. During the Track Record Period, we had these cash advances due from and due to non-controlling shareholders arising from the ordinary courses of our business.

Prepaid tax and other tax recoverable primarily represent prepaid turnover tax and other surcharges. Other tax recoverable increased during the Track Record Period which was in line with the increase in our contracted sales of properties.

Other deposits mainly represent certain pre-sale proceeds deposited with by the local government authorities or their designated entities subject to the relevant local regulations and policies, deposits made to general contractors subject to the construction agreements, as well as deposits made prior to the signing of the land grant contracts to the local government authorities subject to the relevant local regulations and policies.

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Other deposits increased significantly from December 31, 2017 to December 31, 2018 primarily due to the significant increase in the pre-sale proceeds deposited with the government authorities as a result of our robust growth in such period.

Progress prepayments for acquisition of land use rights represent the amounts prepaid upon winning the bidding of land use rights before we obtain the relevant land use right certificate.

We disposed of certain subsidiaries, joint ventures and associates during the Track Record Period and receivables in connection with such disposal amounted to RMB85.0 million and RMB85.0 million as of December 31, 2017 and 2018, respectively.

Deposits related to third party's land use rights represent the payments we made to third parties with which we intended to jointly attend the land auction and develop the project before the relevant project companies are incorporated.

Prepayments for investment in joint ventures and associates mainly relate to the upfront investments in connection with the establishment of joint ventures and associates.

Prepayments for construction cost mainly relate to the payments made to our suppliers in connection with the construction of our property projects. Prepayments for construction costs increased significantly from December 31, 2016 to December 31, 2017 and further to December 31, 2018, reflecting the increase in property development activities resulting from our business expansion.

Moreover, we perform internal credit rating and have assessed that the credit risk of our financial assets in Prepayments and other receivables, has not increased significantly since initial recognition. Based on evaluation on expected loss rate which was insignificant and the gross carrying amount and measured the impairment based on 12-month expected credit loss, we assessed and made a provision for impairment of RMB0.5 million, RMB2.7 million and RMB13.6 million as of December 31, 2016, 2017 and 2018, respectively.

Amounts Due from Related Companies

Refer to “— Related Party Transactions” below for more details.

Amounts Due to Related Companies

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 mainly refer to the wealth management products we purchased from domestic reputable commercial banks and held for trading purpose. During the Track Record Period, we invested in wealth management products, mainly low-risk funds in the PRC, for our treasury

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management purposes. We have established policies to monitor and control the potential risks relating to our investments in wealth management products, see “— Description of Certain Major Components of Our Consolidated Statement of Profit or Loss and Other Comprehensive Income — Fair Value Gains/Losses on Financial Assets at Fair Value through Profit or Loss” for more details.

The abovementioned wealth management products we held during the Track Record Period, as detailed in note 19 to the Accountants’ Report in Appendix I, were classified as financial assets measured at fair value through profit or loss in accordance with IFRS 9, please refer to note 40 to the Accountants’ Report in Appendix I and “— Critical Accounting Policies and Estimates — Financial Assets” for more details about the valuation techniques our management adopted to measure the fair value of various financial instruments.

We have implemented internal policies to ensure the reasonableness of fair value measurement on such wealth management products. In relation to the valuation of the financial assets at fair value through profit or loss, our Directors adopted the following procedures: (i) reviewed the terms of wealth management products purchase agreements; (ii) performed valuation procedures based on relevant assumptions; and (iii) carefully considered all information relevant to assessing the merit of the wealth management products, including non-market related information input, such as expected rate of return. Based on the above procedures, our Directors are of the view that they had exercised due and reasonable care, skill and diligence in discharge of their duties, and the valuation analysis is fair and reasonable, and the financial statements of our Group are properly prepared.

According to HKSA 540 “Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures” and HKSA 620 “Using the Work of an Auditor’s Expert”, our Reporting Accountants have performed, among others, the following key procedures to assess the valuations of financial assets at fair value through profit or loss: obtained and reviewed the valuation results prepared by management; evaluated the competence of management; involved its internal valuation specialists to assist in the assessment of valuations by checking the data source and the calculation of the fair values prepared by the management, assessing the valuation techniques against industry practice and valuation guidelines, comparing assumptions used with appropriate benchmark, analyzing the reasons for significant differences with the management’s estimates (if any) and performing independent valuations whereas needed, so as to check whether the fair values accounting estimates were reasonable.

Details of the fair value measurement of financial assets at fair value through profit or loss, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value and reconciliation of level 3 measurements are disclosed in note 40 in the Accountants’ Report in Appendix I issued by our 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. The Reporting Accountants’ opinion on the historical financial information of our Group for the Track Record Period as a whole is set out on page I-2 of the Accountants’ Report in Appendix I.

In relation to the valuation analysis performed by our management on financial assets at fair value through profit or loss, the Sole Sponsor has conducted relevant due diligence work, including but not limited to (i) review

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of relevant notes in the Accountants' Report as contained in Appendix I and relevant documents provided by management; and (ii) discussed with the Company and the Reporting Accountants about the key basis and assumptions for the valuation of financial assets at fair value through profit or loss. Having considered the work done by the Directors and Reporting Accountants 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 by management on the financial assets at fair value through profit or loss.

Trade and Bills Payables

Trade and bills payables mainly include payables to third-party suppliers and construction contractors. Our trade and bills payables increased from RMB1,986.7 million as of December 31, 2016 to RMB4,839.5 million as of December 31, 2017, and further to RMB8,498.3 million as of December 31, 2018. The continuous increase reflected the increased construction costs relating to our increased property construction and development activities.

The table below sets forth the aging analysis of our trade and bills payables as of the dates indicated:

| | As of December 31, | | |
|--------------------------|--------------------|------------------|------------------|
| | 2016 | 2017 | 2018 |
| | (In RMB thousands) | | |
| Less than one year | 1,976,554 | 4,809,384 | 8,421,930 |
| Over one year | 10,127 | 30,158 | 76,365 |
| Total | 1,986,681 | 4,839,542 | 8,498,295 |

As of April 30, 2019, approximately RMB1,857.6 million, or approximately 21.9%, of our total trade and bills payables as of December 31, 2018, was subsequently settled.

Contract Liabilities

We enter into pre-sales and/or sales contracts with our customers, subject to which we are entitled to the rights to receive consideration from our customer and assume performance obligations to transfer products to them. Proceeds from customers of pre-sold properties are recorded as "contract liabilities" under current liabilities before relevant sales revenue is recognized. The timing of revenue recognition upon the transfer of control of the properties may affect not only the amount and growth rate of our revenue from sales of properties but also may cause contract liabilities, and together, interest expense arising from revenue contracts, to fluctuate from period to period.

Our contract liabilities amounted to approximately RMB16,883.0 million, RMB51,891.6 million and RMB95,482.3 million as of December 31, 2016, 2017 and 2018, respectively. The continuous increase during the Track Record Period was in line with our business growth.

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The table below sets forth the transaction price allocated to the remaining performance obligations, unsatisfied or partially unsatisfied, related to sales of properties as of the dates indicated:

| | As of December 31, | | |
|---|--------------------------|--------------------------|---------------------------|
| | 2016 | 2017 | 2018 |
| | (In RMB thousands) | | |
| Expected to be satisfied within one year | 9,434,035 | 25,956,532 | 57,390,581 |
| Expected to be satisfied more than one year | 13,369,437 | 36,154,078 | 56,248,173 |
| Total | <u>22,803,472</u> | <u>62,110,610</u> | <u>113,638,754</u> |

Other Payables and Accruals

The following table sets forth the breakdown of our other payables and accruals as of the dates indicated:

| | As of December 31, | | |
|---|-------------------------|-------------------------|--------------------------|
| | 2016 | 2017 | 2018 |
| | (In RMB thousands) | | |
| Due to non-controlling shareholders of subsidiaries | 967,692 | 1,744,072 | 14,711,981 |
| Advances from third parties related to land auction | 219,843 | 812,206 | 2,384,679 |
| Retained deposits related to construction | 419,684 | 726,450 | 1,006,885 |
| Deposits related to sales of properties | 33,301 | 237,287 | 576,755 |
| Business tax and surcharges | 22,826 | 222,111 | 369,625 |
| Payroll and welfare payable | 51,118 | 219,518 | 675,027 |
| Interest payable | 102,732 | 119,878 | 160,719 |
| Others | 87,148 | 235,160 | 590,497 |
| Total | <u>1,904,344</u> | <u>4,316,682</u> | <u>20,476,168</u> |

Amounts due to non-controlling shareholders of subsidiaries mainly represent cash advances provided by our non-controlling shareholders to the relevant subsidiaries from time to time to support their business development, which increased significantly during the Track Record Period as a result of the increase in the number of our jointly-developed projects along with our business expansion. During the Track Record Period, we had these cash advances due from and due to non-controlling shareholders arising from the ordinary courses of our business.

Advances from third parties related to land auction mainly represent the 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 is incorporated. Such amounts increased significantly during the Track Record Period as a result of the increase in our cooperation with third parties along with our business expansion.

Retained deposits related to construction mainly represent the quality warranty deposits we retained from our construction contractors, which fluctuated during the Track Record Period and was in line with the scale of our property development activities.

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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 sales and pre-sales of our properties, bank loans, which include entrusted bank loans provided by ultimate third-party lenders through commercial banks as an intermediary, loans from independent third parties (excluding from financial institutions and private placement asset management plans), trust financing and asset management arrangements, capital contribution from non-controlling shareholders and other financings. 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, 2016, 2017 and 2018, we had cash and bank balances of RMB8,501.0 million, RMB16,484.3 million and RMB23,080.4 million, respectively, which primarily consisted of cash at bank and on hand.

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Net Current Assets

As of December 31, 2016, 2017 and 2018 and April 30, 2019, we recorded net current assets of RMB10,343.5 million, RMB16,807.0 million, RMB11,945.2 million and RMB13,671.3 million, respectively. The table below sets forth our current assets and current liabilities as of the dates indicated:

| | As of December 31, | | | As of |
|---|--------------------|-------------------|--------------------|--------------------|
| | 2016 | 2017 | 2018 | April 30, 2019 |
| | (In RMB thousands) | | | (Unaudited) |
| Current Assets | | | | |
| Financial assets at fair value through profit or loss | 596,189 | 297,171 | 228,757 | 218,608 |
| Properties under development | 29,236,145 | 61,379,980 | 99,481,406 | 111,757,076 |
| Completed properties held for sale | 1,128,074 | 2,302,650 | 3,596,396 | 2,618,802 |
| Trade receivables | — | — | 4,354 | 1,759 |
| Due from related companies | 2,916,928 | 7,294,042 | 9,841,443 | 11,566,769 |
| Prepayments and other receivables | 2,916,072 | 7,713,749 | 22,209,895 | 30,410,164 |
| Tax recoverable | 184,515 | 1,016,518 | 1,951,577 | 3,112,078 |
| Restricted cash | 3,383,921 | 5,030,343 | 7,892,069 | 12,992,564 |
| Pledged deposits | 269,646 | 705,958 | 636,777 | 1,931,928 |
| Cash and cash equivalents | 4,847,470 | 10,748,022 | 14,551,518 | 8,774,476 |
| Total current assets | 45,478,960 | 96,488,433 | 160,394,192 | 183,384,224 |
| Current Liabilities | | | | |
| Trade and bills payables | 1,986,681 | 4,839,542 | 8,498,295 | 9,005,118 |
| Other payables and accruals | 1,904,344 | 4,316,682 | 20,476,168 | 11,201,138 |
| Contract liabilities | 16,882,989 | 51,891,569 | 95,482,250 | 124,414,481 |
| Due to related companies | 4,411,521 | 9,849,122 | 7,419,138 | 10,435,499 |
| Interest-bearing bank and other borrowings | 9,792,133 | 7,561,064 | 14,468,672 | 13,401,217 |
| Lease liabilities | — | — | — | 58,071 |
| Tax payable | 135,541 | 1,182,504 | 1,960,281 | 1,047,313 |
| Provision for guarantee contracts | — | — | 84,869 | 84,869 |
| Other financial liabilities | 22,217 | 40,991 | 59,284 | 65,213 |
| Total current liabilities | 35,135,426 | 79,681,474 | 148,448,957 | 169,712,919 |
| Net Current Assets | 10,343,534 | 16,806,959 | 11,945,235 | 13,671,305 |

Our net current assets increased from December 31, 2016 to December 31, 2017, primarily due to the increases in properties under development and completed properties held for sale, as our property construction activities significantly increased during such period. The increase was also partially attributable to the increase in cash and cash equivalents and restricted cash, each as a result of the increase in the sales of our properties. It was partially offset by an increase in contract liabilities in connection with the increase in our pre-sales. Trade and bills payables, other payables and accruals also increased from December 31, 2016 to December 31, 2017, each as a result of our business growth.

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Our net current assets decreased from December 31, 2017 to December 31, 2018, mainly due to an increase in contract liabilities resulting from the increase in our pre-sales and an increase in amounts due to non-controlling shareholders of subsidiaries and other payables, which was partially offset by an increase in properties under development.

During the Track Record Period, we provided guarantees for certain bank and other borrowings extended to our joint ventures and associates. No provision was made in respect of these guarantees as of December 31, 2016 and 2017, respectively. As of December 31, 2018 and April 30, 2019, by evaluating the expected potential payments to reimburse the relevant banks and other financial institutions and the amounts we expect to receive from the relevant joint ventures and associates, we made provisions in the amount of RMB84.9 million and RMB84.9 million, respectively. We generally do not provide such financial guarantees. Such guarantees were approved by our chief executive officer on a case by case basis.

We recognized current lease liabilities in the amount of RMB58.1 million as part of our current liabilities as of April 30, 2019, pursuant to the adoption of IFRS 16 on January 1, 2019. Lease liabilities are measured at net present value of the lease payments during the lease terms that are not yet paid.

Our net current assets increased to RMB13,671.3 million as of April 30, 2019, primarily due to an increase in properties under development as a result of our continuous business growth in the four months ended April 30, 2019, and a decrease in our current bank borrowings and other payables and accruals, which was partially offset by an increase in contract liabilities in connection with the increase of our pre-sales of properties.

Cash Flows Analysis

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

| | Year Ended December 31, | | |
|--|-------------------------|-------------|--------------|
| | 2016 | 2017 | 2018 |
| | (In RMB thousands) | | |
| Operating cash flows before movements in working capital | (155,933) | 1,349,003 | 3,940,354 |
| Net cash flows (used in)/generated from operating activities | (17,628,202) | (6,837,787) | 8,036,946 |
| Net cash flows generated from/(used in) investing activities | 1,337,957 | 1,948,578 | (11,506,643) |
| Net cash flows generated from financing activities | 19,019,065 | 10,789,761 | 7,273,193 |
| Net increase in cash and cash equivalents | 2,728,820 | 5,900,552 | 3,803,496 |
| Cash and cash equivalents at the beginning of the year | 2,118,650 | 4,847,470 | 10,748,022 |
| Cash and cash equivalents at the end of the year | 4,847,470 | 10,748,022 | 14,551,518 |

Net Cash Flows (Used in)/Generated from 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 the payments we make for our property development activities, including land acquisitions.

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For the year ended December 31, 2018, our net cash generated from operating activities was RMB8,036.9 million, which was the result of the cash generated from operations of RMB13,026.7 million, partially offset by tax paid of RMB2,879.4 million. Cash generated from operations was primarily comprised of (i) an increase in contract liabilities of RMB43,590.0 million resulting from our increased sales of properties, (ii) an increase in other payables and accruals of RMB15,181.5 million, (iii) profit before tax of RMB4,438.5 million, and (iv) an increase in trade and bills payables of RMB3,878.2 million, partially offset by (i) an increase in properties under development and completed properties held for sale of RMB39,480.7 million, (ii) an increase in prepayments and other receivables of RMB11,242.8 million and (iii) an increase in restricted cash of RMB2,861.7 million.

For the year ended December 31, 2017, our net cash used in operating activities was RMB6,837.8 million, which was the result of cash used in operations of RMB3,697.7 million, interest paid of RMB2,204.8 million and tax paid of RMB1,082.8 million, partially offset by interests received of RMB147.6 million. Cash used in operation was primarily comprised of (i) an increase in properties under development and completed properties held for sale of RMB43,331.9 million, and (ii) an increase in restricted cash of RMB1,646.4 million as a result of our accelerated property development activities, partially offset by (i) an increase in contract liabilities of RMB35,008.6 million, (ii) an increase in trade and bills payables of RMB2,931.9 million, and (iii) profit before tax of RMB1,267.9 million.

For the year ended December 31, 2016, our net cash used in operating activities was RMB17,628.2 million, which was the result of cash used in operations of RMB16,050.8 million and interest paid of RMB1,481.7 million, partially offset by tax paid of RMB160.3 million. Cash used in operations was primarily comprised of (i) an increase in properties under development and completed properties held for sale of RMB22,288.3 million, (ii) an increase in prepayments and other receivables of RMB2,958.2 million, and (iii) an increase in restricted cash of RMB2,476.2 million, partially offset by (i) an increase in contract liabilities of RMB10,166.0 million, (ii) an increase in other payables and accruals of RMB182.3 million, and (iii) an increase in trade and bills payables of RMB1,565.9 million.

Net Cash Flows Generated from/(Used in) Investing Activities

Net cash used in our investing activities is primarily related to cash outflow in connection with advances to related companies, acquisition of subsidiaries, investments in joint ventures and associates, and purchases of investment properties. Net cash generated from our investing activities is primarily related to cash inflow in connection with repayments of advances to related companies, disposal of investment in associates and joint ventures.

For the year ended December 31, 2018, our net cash flows used in investment activities amounted to RMB11,506.6 million, primarily consisted of advances to related companies of RMB37,936.1 million, investments in joint ventures and associates of RMB3,467.8 million and acquisitions of subsidiaries of RMB405.7 million, partially offset by repayments of advance to related companies of RMB30,251.5 million.

For the year ended December 31, 2017, our net cash flows generated from investment activities amounted to RMB1,948.6 million, primarily consisted of the repayment of advances to related parties of RMB28,116.3 million, partially offset by the advances to related companies in the amount of RMB23,739.2 million.

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For the year ended December 31, 2016, our net cash flows generated from investment activities amounted to RMB1,338.0 million, primarily consisted of the repayment of advances to related parties of RMB3,663.4 million, partially offset by (i) the advances to related parties in the amount of RMB746.5 million, (ii) the acquisition of wealth management products in the RMB578.3 million, and (iii) the acquisitions of subsidiaries of RMB572.7 million.

Net Cash Flows Generated from Financing Activities

Cash generated from financing activities is primarily related to proceeds from interest-bearing bank and other borrowings, advances from related companies, and capital contributions from non-controlling shareholders of subsidiaries. Cash used in financing activities is primarily related to repayment of interest-bearing bank and other borrowings, repayments of advances from related companies, and payments for acquisitions of subsidiaries by our Group from then equity holder of subsidiaries.

For the year ended December 31, 2018, net cash flows generated from financing activities amounted to RMB7,273.2 million, primarily consisted of proceeds from interest-bearing bank and other borrowings of RMB31,288.0 million and advances from related companies of RMB18,675.9 million, partially offset by the repayments of interest-bearing bank and other borrowings of RMB28,577.8 million and the repayments of advances from related companies of RMB15,958.0 million.

For the year ended December 31, 2017, net cash flows generated from financing activities amounted to RMB10,789.8 million, primarily consisted of (i) proceeds from interest-bearing bank and other borrowings of RMB15,867.6 million, (ii) advances from related companies of RMB22,018.6 million, and (iii) capital contribution from non-controlling shareholders of subsidiaries of RMB1,486.7 million, partially offset by (i) the repayments of advances from related companies of RMB16,581.0 million, and (ii) the repayments of interest-bearing bank and other borrowings of RMB11,617.9 million.

For the year ended December 31, 2016, net cash flows generated from financing activities amounted to RMB19,019.1 million, primarily consisted of (i) proceeds from interest-bearing bank and other borrowings of RMB19,190.7 million, (ii) advances from related companies of RMB6,176.0 million, and (iii) capital contribution from non-controlling shareholders of subsidiaries of RMB623.6 million, partially offset by (i) the repayments of interest-bearing bank and other borrowings of RMB4,090.5 million, and (ii) the repayments of advances from related companies of RMB2,534.1 million.

Working Capital

We need working capital to service our debts when due and pay construction costs and all applicable taxes for projects developed by our subsidiaries. During the Track Record Period, we recorded net operating cash outflows in 2016 and 2017, primarily due to our continued increase in property development activities and strengthened land acquisition efforts. Such cash outflows may not always be completely offset by the proceeds received from our pre-sales and sales of the properties for the respective year, which we believe is consistent with our industry practice. See “— Cash Flows Analysis — Net Cash Flows Used in Operating Activities” for detailed information.

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To achieve sufficient working capital, we will continue to improve our cash inflow associated with the sales and pre-sales of our properties by strengthening marketing efforts and further enhancing the payment collection from our customers with respect to the property sales and pre-sales. We also intend to better utilize 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. In addition, various departments at our quarters will coordinate to plan and monitor our cash outflow by establishing our development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with existing and planned external financing opportunities, including but not limited to the issuance of corporate bonds, asset-backed securities programs or other debt offerings, and property sales proceeds.

Sufficiency of Working Capital

Taking into account our current project development and sales schedules, our expected cash generated from operating activities, the estimated net proceeds from the Global Offering (after a possible Downward Offer Price Adjustment setting at the final Offer Price of up to 10% below the low end of the indicative Offer Price range), our credit facilities maintained with banks, and additional financial resources available to us, together with our expected cash outflow in the near future, which was mainly driven by the increase in the number of our existing property development projects entering into development stage and the unpaid land premiums, our Directors are of the opinion that we will have sufficient working capital for our present requirements, that is for at least the 12 months following the date of this prospectus.

Capital Expenditures

Our capital expenditures during the Track Record Period mainly represented expenditures incurred in relation to purchase of property, plant and equipment. For the years ended December 31, 2016, 2017 and 2018, we incurred capital expenditures of RMB26.4 million, RMB37.7 million and RMB48.4 million, respectively. Our Directors estimate that our additional capital expenditure for the years ending December 31, 2019 and 2020 will be approximately RMB62.0 million and RMB79.6 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

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 to our customers are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. 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

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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.

In addition, as of December 31, 2017, we provided guarantees for borrowings granted to Zhejiang Tianjian's subsidiaries, which used to be our related companies prior to June 27, 2018. Such guarantees had been released in 2018.

The following table sets forth our total guarantees as of the dates indicated.

| | As of December 31, | | |
|---|--------------------|-------------------|-------------------|
| | 2016 | 2017 | 2018 |
| (In RMB thousands) | | | |
| Guarantees given to banks in connection with facilities granted to purchasers of our properties | 6,601,326 | 20,816,265 | 28,897,294 |
| Guarantees given to banks and other institutions in connection with facilities granted to related parties | 97,750 | 435,000 | 6,594,169 |
| Total | 6,699,076 | 21,251,265 | 35,491,463 |

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 adverse effect on our business, financial condition or operating results. See "Business — Legal Proceedings" for more details.

We have assessed the claims and considered that the ultimate outcome of these legal proceedings will not have a material adverse effect on our financial position.

COMMITMENTS

Expenditure Commitments

The following table sets forth our capital commitments as of the dates indicated:

| | As of December 31, | | |
|---|--------------------|-------------------|-------------------|
| | 2016 | 2017 | 2018 |
| (In RMB thousands) | | | |
| Contracted but not provided for: | | | |
| — Property development activities | 11,587,726 | 16,258,723 | 40,652,123 |
| — Acquisition of land use rights | 1,220,634 | 757,211 | 1,930,992 |
| — Capital contributions payable to joint ventures and associates | 306,329 | 616,278 | 1,464,253 |
| Total | 13,114,689 | 17,632,212 | 44,047,368 |

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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.

Operating Lease Commitments

We lease certain of our office properties under operating lease arrangements for a term of three months to six years with an option for renewal upon contract expiry. The following table sets forth our total future minimum lease payments as of the dates indicated:

| | As of December 31, | | |
|---|--------------------|--------|---------|
| | 2016 | 2017 | 2018 |
| | (In RMB thousands) | | |
| Within one year | 11,607 | 33,495 | 67,934 |
| In the second to fifth years, inclusive | 7,640 | 33,535 | 72,635 |
| After five years | — | — | 3,723 |
| | 19,247 | 67,030 | 144,292 |

We lease out certain of our investment properties under operating lease arrangements with leases negotiated term of 15 to 20 years. The terms of leases generally require the tenants to pay security deposits and provide for periodic rent adjustments. The following table sets forth our total future minimum lease receivables under non-cancellable operating leases as of the dates indicated:

| | As of December 31, | | |
|--------------------------------|--------------------|---------------|----------------|
| | 2016 | 2017 | 2018 |
| | (In RMB thousands) | | |
| Within one year | — | 1,407 | 9,760 |
| In the second year | — | 2,260 | 10,457 |
| In the third year | — | 2,957 | 10,993 |
| After the third year | — | 48,493 | 198,894 |
| Total | — | 55,117 | 230,104 |

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INDEBTEDNESS

General

The following table sets forth our lease liabilities and the outstanding amounts of our current and non-current bank and other borrowings as of the dates indicated:

| | As of December 31, | | | As of |
|--|--------------------|-------------------|-------------------|-------------------|
| | 2016 | 2017 | 2018 | April 30, 2019 |
| | (In RMB thousands) | | | (Unaudited) |
| Current | | | | |
| Bank loans — secured | 95,238 | 887,000 | 490,000 | 156,700 |
| — unsecured | 300,000 | — | 232,000 | 232,000 |
| Other loans — secured | 6,799,259 | 3,488,744 | 5,854,621 | 5,441,910 |
| — unsecured | 110,550 | 178,860 | 673,201 | 1,176,000 |
| Current portion of long-term bank loans | | | | |
| — secured | 1,651,800 | 1,375,822 | 4,593,900 | 4,018,578 |
| Current portion of long-term other loans | | | | |
| — secured | 835,286 | 1,630,638 | 2,624,950 | 2,318,060 |
| — unsecured | — | — | — | 57,969 |
| Lease liabilities | — | — | — | 58,071 |
| Total current | 9,792,133 | 7,561,064 | 14,468,672 | 13,459,288 |
| Non-current | | | | |
| Bank loans — secured | 5,499,100 | 9,863,878 | 5,211,318 | 7,331,967 |
| — unsecured | — | — | 820,000 | 1,150,000 |
| Other loans — secured | 4,892,973 | 6,944,504 | 4,844,927 | 4,269,239 |
| — unsecured | 42,420 | 106,899 | 1,660,000 | — |
| Lease liabilities | — | — | — | 46,502 |
| Total non-current | 10,434,493 | 16,915,281 | 12,536,245 | 12,797,708 |
| Total | 20,226,626 | 24,476,345 | 27,004,917 | 26,256,996 |

Our total lease liabilities were RMB104.6 million as of April 30, 2019 in accordance with the adoption of IFRS 16 on January 1, 2019. As of April 30, 2019, we provided guarantees amounting to RMB4,990.9 million for certain bank and other borrowings extended to our joint ventures and associates.

Our total outstanding borrowings may fluctuate with the changes in financial needs for our business expansion and cash flow planning. Our total outstanding borrowings increased from RMB20,226.6 million as of December 31, 2016 to RMB24,476.3 million as of December 31, 2017 and further to RMB27,004.9 million as of December 31, 2018, primarily due to the continuous increase in the construction activities resulting from our

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business expansion. Total outstanding borrowings slightly decreased to RMB26,152.4 million as of April 30, 2019, primarily due to the repayments of certain of our borrowings.

Our borrowings may be secured by our asset portfolio which includes investment properties, properties under development, equity in our subsidiaries, bank deposits and restricted cash. In addition, our borrowings may also be guaranteed by our subsidiaries. Moreover, our Controlling Shareholders and one of their associates have guaranteed certain of our borrowings up to RMB10,689.1 million, RMB14,940.6 million and RMB9,638.8 million as of December 31, 2016, 2017 and 2018, respectively, which will be released prior to the Listing. Guarantees provided by our Controlling Shareholders and that associate will be released prior to the Listing.

We are subject to certain customary restrictive covenants under our credit facilities with commercial banks. For example, the relevant subsidiaries are generally not allowed to grant guarantees in favor of any third parties that are expected to materially affect their financial position or their ability to perform the loan agreements. Certain of our subsidiaries are prohibited from merger, restructuring, spin-off, material asset transfer, liquidation, change of control, reduction of registered capital, change of scope of business, declaration of dividends and incurring further indebtedness without the prior consent of the relevant banks. Certain of our banking facilities also contain cross-default provisions that if the relevant subsidiary defaults on the borrowing with the commercial banks, its affiliated commercial institutions, and/or other commercial financial institutions, as provided under the loan agreement, it may constitute an event of default and the relevant commercial banks would be entitled to accelerate payment of all or any part of the outstanding indebtedness and may terminate all commitments to extend further credit. These cross-default provisions typically only apply to the specific borrowing subsidiaries under the relevant loan agreements, with a very limited number of exceptions that the affiliated companies of the borrowing subsidiaries shall be subject to such cross-default provisions as well. We believe that with respect to each single bank loan agreement, the cross-default provisions therein do not have any material impact on our subsidiaries other than the borrowing subsidiary under the relevant loan agreement. Under certain real estate project loan agreements, the relevant subsidiaries are typically only allowed to apply the proceeds for the development of projects as specified in the agreements and are not allowed to adjust the proposed project development schedules without the prior consent of the relevant banks. In addition, a small number of our current loan agreements contain certain covenants of specific financial ratio requirements for the borrowing subsidiaries. For example, some of the loan agreements required the borrowing subsidiary to maintain the owners' equity or capital reserve to be not less than a certain amount. Some others required the borrowing subsidiary to maintain the debt to asset ratio or current ratio under a certain level, which vary from bank to bank. 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 are not aware of any breach of any of the covenants, including the financial ratio requirements, contained in our banking and other loan facilities constituting any event of default during the Track Record Period and up to the Latest Practicable Date, nor are 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 banking facilities nor had we been rejected for any loan 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 as of December 31,

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2016, 2017 and 2018 were 9.4%, 7.9% and 9.9%, respectively. The decrease in weighted average effective interest rates on our borrowings from 2016 to 2017 was primarily a consolidated result of recent decrease in the bank loan interest rates, our strategy to reduce the proportion of trust financings which usually have a higher interest rates, and our increasing bargaining power due to our rapid business growth. The increase in weighted average interest rates from 2017 to 2018 was primarily because we borrowed more external borrowings to support our fast business growth.

Our borrowings are all denominated in Renminbi.

Our bank borrowings include entrusted bank loans provided by ultimate third-party lenders through commercial banks as an intermediary. Our other borrowings include loans from independent third parties (excluding from financial institutions and private placement asset management plans), trust financing and asset management arrangements.

As of April 30, 2019, we had unutilized banking facilities of approximately RMB6,913.9 million. Our approved unutilized credit facilities are covered by loan agreements which we entered into with the banks and other financial institutions. Our Directors have confirmed that we do not currently have any concrete and material external financing plans outside our ordinary course of business. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although there is no assurance that we will be able to access bank 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 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2016 | 2017 | 2018 | April 30, 2019 |
| | (In RMB thousands) | | | (Unaudited) |
| Bank loans repayable: | | | | |
| Within one year or on demand | 2,047,038 | 2,262,822 | 5,315,900 | 4,407,278 |
| In the second year | 2,292,100 | 7,744,978 | 3,979,318 | 5,111,944 |
| In the third to fifth years, inclusive | 3,207,000 | 2,118,900 | 2,052,000 | 3,370,023 |
| | <u>7,546,138</u> | <u>12,126,700</u> | <u>11,347,218</u> | <u>12,889,245</u> |
| Other borrowings repayable: | | | | |
| Within one year or on demand | 7,745,095 | 5,298,242 | 9,152,772 | 8,993,939 |
| In the second year | 4,056,924 | 6,822,963 | 6,104,927 | 3,899,239 |
| In the third to fifth years, inclusive | 878,469 | 228,440 | 400,000 | 370,000 |
| | <u>12,680,488</u> | <u>12,349,645</u> | <u>15,657,699</u> | <u>13,263,178</u> |
| Total | <u>20,226,626</u> | <u>24,476,345</u> | <u>27,004,917</u> | <u>26,152,423</u> |

Trust Financing and Asset Management Arrangements

Similar to many other real estate developers in the PRC, we also enter into financing arrangements with trust companies, asset management companies and their financing vehicles in the ordinary course of business to

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finance our property development and other related operations. 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.

As of December 31, 2018, total outstanding principal of our trust financing and asset management arrangements accounted for 58.0% of our total borrowings as of the same date. For additional information as to the relevant laws and regulations applicable to trust financing and asset management arrangements, see “Regulatory Overview — Real Estate Financing — Trust Financing.”

The following table sets forth our trust financing and asset management arrangements outstanding as of December 31, 2018 with principal balances as of the dates indicated:

| Item | Financial institution | Annual interest rate | Effective date | Maturity date | Collaterals ⁽²⁾ | Veto rights to financial institution | Principal balance as of | | General category of trust financing arrangements |
|--------------------|-------------------------|----------------------|--------------------|-------------------|---|--------------------------------------|-------------------------|-------------------------------|--|
| | | | | | | | December 31, 2018 | April 30, 2019 ⁽¹⁾ | |
| (In RMB thousands) | | | | | | | | | |
| (Unaudited) | | | | | | | | | |
| 1 | Financial institution A | 9.7% | August 8, 2017 | August 7, 2019 | Pledge of land use right and guarantees by Suzhou Huacheng, Suzhou City Hongyu Real Estate Co., Ltd., Mr. Yang and Ms. Xu | N/A | 160,000 | 73,000 | Type 1 |
| 2 | Financial institution B | 11.0% | July 26, 2018 | January 22, 2019 | Guarantees by Shanghai Zhongliang Real Estate, Suzhou Hongmai and Mr. Wang Weixiang | N/A | 150,000 | — | Type 1 |
| 3 | Financial institution C | 12.0% | August 31, 2018 | February 28, 2019 | Pledge of land use right | N/A | 109,000 | — | Type 1 |
| 4 | Financial institution D | 9.0% | September 14, 2018 | March 13, 2019 | Pledge of land use right and guarantee by Shanghai Zhongliang Real Estate | N/A | 103,200 | — | Type 1 |
| 5 | Financial institution D | 12.5% | September 14, 2018 | March 28, 2019 | N/A | N/A | 5,991 | — | Type 1 |
| 6 | Financial institution E | 9.8% | December 7, 2017 | January 25, 2019 | N/A | N/A | 10,500 | — | Type 1 |
| 7 | Financial institution B | 9.0% | November 23, 2018 | January 31, 2019 | N/A | N/A | 50,000 | — | Type 1 |
| 8 | Financial institution B | 9.0% | November 29, 2018 | January 31, 2019 | N/A | N/A | 25,000 | — | Type 1 |
| 9 | Financial institution F | 12.0% | November 26, 2018 | February 26, 2019 | N/A | N/A | 33,000 | — | Type 1 |
| 10 | Financial institution B | 9.0% | November 29, 2018 | April 30, 2019 | N/A | N/A | 65,000 | 65,000 | Type 1 |
| 11 | Financial institution B | 9.0% | December 13, 2018 | April 30, 2019 | N/A | N/A | 10,000 | 10,000 | Type 1 |

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| Item | Financial institution | Annual interest rate | Effective date | Maturity date | Collaterals ⁽²⁾ | Veto rights to financial institution | Principal balance as of | | General category of trust financing arrangements |
|------|-------------------------|----------------------|--------------------|----------------|---|--------------------------------------|-------------------------|-------------------------------|--|
| | | | | | | | December 31, 2018 | April 30, 2019 ⁽¹⁾ | |
| | | | | | | | (In RMB thousands) | | |
| | | | | | | | (Unaudited) | | |
| 12 | Financial institution D | 12.5% | September 14, 2018 | March 13, 2019 | N/A | N/A | 139,600 | — | Type 1 |
| 13 | Financial institution G | 9.0% | July 10, 2018 | March 31, 2019 | N/A | N/A | 140,000 | 74,900 | Type 1 |
| 14 | Financial institution H | 13.0% | June 29, 2018 | March 28, 2019 | N/A | N/A | 29,100 | — | Type 1 |
| 15 | Financial institution I | 10.5% | April 18, 2018 | April 2, 2019 | N/A | N/A | 29,750 | — | Type 1 |
| 16 | Financial institution I | 10.5% | May 16, 2018 | April 2, 2019 | N/A | N/A | 75,000 | — | Type 1 |
| 17 | Financial institution J | 13.5% | September 26, 2018 | March 25, 2019 | Pledge of land use right and guarantee by Shanghai Zhongliang Real Estate | N/A | 140,000 | 120,000 | Type 1 |
| 18 | Financial institution K | 12.0% | December 3, 2018 | March 3, 2019 | N/A | N/A | 88,000 | — | Type 1 |
| 19 | Financial institution L | 13.0% | November 27, 2018 | May 27, 2019 | Pledge of land use right and guaranteed by Shanghai Zhongliang Real Estate, Shangrao Linhe Real Estate Co., Ltd. and Guangxi Lianggui Co., Ltd. | N/A | 79,820 | — | Type 1 |
| 20 | Financial institution M | 18.0% | December 18, 2018 | May 31, 2019 | Guaranteed by Shanghai Zhongliang Real Estate | N/A | 50,000 | 50,000 | Type 1 |
| 21 | Financial institution J | 9.5% | June 28, 2018 | June 30, 2019 | Pledge of land use right and guarantee by Shanghai Zhongliang Real Estate | N/A | 50,000 | 37,500 | Type 1 |
| 22 | Financial institution O | 9.5% | July 3, 2017 | July 2, 2019 | Pledge of cash and land use right and guarantees by Suzhou Huacheng, Shanghai Chuangan Real Estate Co., Ltd., Mr. Yang and Ms. Xu | N/A | 190,000 | — | Type 1 |
| 23 | Financial institution O | 10.1% | December 5, 2017 | July 2, 2019 | Pledge of land use right | N/A | 94,000 | 100,000 | Type 1 |
| 24 | Financial institution O | 12.8% | July 31, 2018 | July 31, 2019 | Guarantees by Shanghai Zhongliang Real Estate, Hangzhou Zhonglianghui and Wengyuan Liangsheng Real Estate Co., Ltd. | N/A | 57,969 | 57,969 | Type 1 |

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| Item | Financial institution | Annual interest rate | Effective date | Maturity date | Collaterals ⁽²⁾ | Veto rights to financial institution | Principal balance as of | | General category of trust financing arrangements |
|------|-------------------------|----------------------|-------------------|--------------------|---|--------------------------------------|-------------------------|-------------------------------|--|
| | | | | | | | December 31, 2018 | April 30, 2019 ⁽¹⁾ | |
| | | | | | | | (In RMB thousands) | | |
| | | | | | | | (Unaudited) | | |
| 25 | Financial institution O | 9.9% | August 8, 2017 | August 7, 2019 | Pledge of land use right and guarantees by Suzhou Huacheng, Suzhou City Hongyu Real Estate Co., Ltd., Mr. Yang and Ms. Xu | N/A | 91,000 | 91,000 | Type 1 |
| 26 | Financial institution P | 12.0% | August 16, 2018 | August 15, 2019 | Guarantees by Shanghai Zhongliang Real Estate and Wuhu Liangshuo | N/A | 30,000 | 15,000 | Type 1 |
| 27 | Financial institution R | 15.0% | October 27, 2018 | August 27, 2019 | N/A | N/A | 19,510 | 19,510 | Type 1 |
| 28 | Financial institution S | 10.0% | November 26, 2018 | November 23, 2019 | Pledge of land use right | N/A | 100,000 | 85,500 | Type 1 |
| 29 | Financial institution S | 10.0% | November 29, 2018 | November 23, 2019 | Pledge of land use right | N/A | 50,000 | 42,750 | Type 1 |
| 30 | Financial institution T | 6.6% | October 26, 2017 | September 13, 2019 | Guarantees by Shanghai Zhongliang Real Estate, Mr. Yang and Ms. Xu | N/A | 40,000 | 20,000 | Type 1 |
| 31 | Financial institution U | 11.0% | April 3, 2018 | October 3, 2019 | Pledge of land use right | N/A | 105,000 | 105,000 | Type 1 |
| 32 | Financial institution A | 11.0% | May 14, 2018 | May 13, 2020 | Pledge of land use right | N/A | 105,000 | 25,000 | Type 1 |
| 33 | Financial institution V | 11.5% | May 11, 2018 | May 10, 2020 | Guarantees by Shanghai Zhongliang Real Estate and Chengdu Zhongliang | N/A | 195,000 | 195,000 | Type 1 |
| 34 | Financial institution W | 14.0% | July 4, 2017 | July 4, 2020 | Pledge of land use right | N/A | 200,000 | 130,000 | Type 1 |
| 35 | Financial institution X | 11.4% | April 28, 2018 | July 27, 2020 | Pledge of land use right and guarantees by Shanghai ZhongLiang Real Estate and Mr. Yang | N/A | 204,188 | — | Type 1 |
| 36 | Financial institution S | 13.5% | August 14, 2018 | August 7, 2020 | N/A | N/A | 35,000 | 24,350 | Type 1 |
| 37 | Financial institution S | 13.5% | August 14, 2018 | August 7, 2020 | N/A | N/A | 35,000 | 24,350 | Type 1 |
| 38 | Financial institution Y | 13.5% | November 2, 2018 | May 2, 2020 | N/A | N/A | 430,000 | 430,000 | Type 1 |
| 39 | Financial institution V | 13.8% | December 14, 2018 | June 14, 2020 | N/A | N/A | 30,000 | 30,000 | Type 1 |
| 40 | Financial institution K | 14.5% | December 23, 2018 | June 27, 2020 | N/A | N/A | 1,200,000 | 1,200,000 | Type 1 |

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| Item | Financial institution | Annual interest rate | Effective date | Maturity date | Collaterals ⁽²⁾ | Veto rights to financial institution | Principal balance as of | | General category of trust financing arrangements |
|------|--------------------------|----------------------|-------------------|-------------------|---|--------------------------------------|-------------------------|-------------------------------|--|
| | | | | | | | December 31, 2018 | April 30, 2019 ⁽¹⁾ | |
| | | | | | | | (In RMB thousands) | | |
| | | | | | | | (Unaudited) | | |
| 41 | Financial institution K | 13.0% | December 29, 2018 | June 29, 2020 | N/A | N/A | 1,500 | 1,500 | Type 1 |
| 42 | Financial institution O | 12.5% | October 25, 2018 | October 25, 2020 | Pledge of land use right and guaranteed by Hangzhou Zhongliangheng Real Estate Co., Ltd. and Shanghai Zhongliang Real Estate | N/A | 400,000 | 355,000 | Type 1 |
| 43 | Financial institution B | 12.0% | July 27, 2018 | January 10, 2019 | 100% shares of project company and guarantees by Shanghai Zhongliang Real Estate, Hangzhou Zhongliangheng and Mr. Zhang Zhijian | N/A | 250,000 | — | Type 2 |
| 44 | Financial institution Z | 10.6% | January 11, 2018 | January 10, 2019 | Pledge of land use right, 100% shares of the project company and guarantee by Suzhou Huacheng | Yes | 108,000 | — | Type 2 |
| 45 | Financial institution B | 11.0% | July 25, 2018 | January 20, 2019 | 45% shares of project company | N/A | 51,000 | — | Type 2 |
| 46 | Financial institution U | 14.0% | November 20, 2018 | February 20, 2019 | Pledge of land use right, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 110,000 | — | Type 2 |
| 47 | Financial institution Z | 14.0% | December 4, 2018 | April 4, 2019 | Pledge of land use right, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate and Hua Dong (China) Co., Ltd. | N/A | 196,000 | — | Type 2 |
| 48 | Financial institution U | 10.8% | April 20, 2018 | April 19, 2019 | Pledge of land use right, 100% shares of the project company and guarantees by Suzhou Huacheng and Mr. Yang | Yes | 195,800 | 195,800 | Type 2 |
| 49 | Financial institution AA | 6.15% | April 27, 2017 | April 24, 2019 | Pledge of land use right and 100% shares of the project company | N/A | 140,000 | — | Type 2 |
| 50 | Financial institution U | 10.8% | May 8, 2018 | May 7, 2019 | Pledge of land use right and 100% shares of the project company | Yes | 186,300 | 186,300 | Type 2 |

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| Item | Financial institution | Annual interest rate | Effective date | Maturity date | Collaterals ⁽²⁾ | Veto rights to financial institution | Principal balance as of | | General category of trust financing arrangements |
|------|--------------------------|----------------------|-------------------|-------------------|--|--------------------------------------|-------------------------|-------------------------------|--|
| | | | | | | | December 31, 2018 | April 30, 2019 ⁽¹⁾ | |
| | | | | | | | (In RMB thousands) | | |
| | | | | | | | (Unaudited) | | |
| 51 | Financial institution BB | 10.8% | May 23, 2016 | May 22, 2019 | 95% shares of Shanghai Yangtai Real Estate Co., Ltd., 100% shares of the project company and guarantees by Suzhou Huacheng and Mr. Yang | Yes | 500 | — | Type 2 |
| 52 | Financial institution CC | 10.0% | July 18, 2018 | June 18, 2019 | Pledge of land use right, 100% shares of project company and guarantees by Shanghai Zhongliang Real Estate and Suzhou Huacheng | N/A | 5,832 | — | Type 2 |
| 53 | Financial institution J | 9.5% | June 30, 2017 | June 29, 2019 | Pledge of land use right and 90% shares of the project company and guarantees by Suzhou Huacheng, Shanghai Zhongliang Real Estate and Mr. Yang | Yes | 191,700 | — | Type 2 |
| 54 | Financial institution DD | 9.8% | June 29, 2018 | June 28, 2019 | Pledge of land use right, 70% shares of the project company and guarantee by Shanghai Zhongliang Real Estate | N/A | 100,000 | — | Type 2 |
| 55 | Financial institution U | 11.5% | July 19, 2018 | July 19, 2019 | Pledge of land use right, 100% shares of project company and guarantees by Shanghai Zhongliang Real Estate and Baotou Liangquan Heye Co., Ltd. | N/A | 281,800 | 386,800 | Type 2 |
| 56 | Financial institution U | 11.0% | February 13, 2018 | August 13, 2019 | Pledge of land use right and 100% shares of project company | N/A | 170,000 | 170,000 | Type 2 |
| 57 | Financial institution DD | 11.5% | September 7, 2018 | September 6, 2019 | Pledge of land use right and 70% shares of project company | N/A | 237,500 | 157,500 | Type 2 |
| 58 | Financial institution DD | 11.5% | September 7, 2018 | September 6, 2019 | Pledge of land use right, 70% shares of project company and guaranteed by Shanghai Zhongliang Real Estate, Mr. Yang and Ms. Xu | N/A | 30,000 | 30,000 | Type 2 |

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| Item | Financial institution | Annual interest rate | Effective date | Maturity date | Collaterals ⁽²⁾ | Veto rights to financial institution | Principal balance as of | | General category of trust financing arrangements |
|------|--|----------------------|-------------------|-------------------|--|--------------------------------------|-------------------------|-------------------------------|--|
| | | | | | | | December 31, 2018 | April 30, 2019 ⁽¹⁾ | |
| | | | | | | | (In RMB thousands) | | |
| | | | | | | | (Unaudited) | | |
| 59 | Financial institution U and financial institution HH | 11.0% | April 3, 2018 | October 2, 2019 | Pledge of land use right, 100% shares of the project company and guarantees by Suzhou Huacheng and Mr. Yang | N/A | 65,000 | 65,000 | Type 2 |
| 60 | Financial institution U | 12.5% | November 1, 2018 | November 1, 2019 | Pledge of land use right, 90% shares of Yunnan Liangtong Real Estate Co., Ltd. and 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 64,800 | 374,000 | Type 2 |
| 61 | Financial institution EE | 13.0% | December 3, 2018 | December 2, 2019 | Pledge of land use right, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 240,000 | — | Type 2 |
| 62 | Financial institution FF | 12.75% | December 21, 2018 | December 21, 2019 | Pledge of land use right, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate and Chengdu Zhongliang Real Estate Co., Ltd. | N/A | 14,100 | — | Type 2 |
| 63 | Financial institution FF | 12.75% | December 28, 2018 | December 28, 2019 | 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate and Chengdu Zhongliang Real Estate Co., Ltd. | N/A | 33,900 | 321,400 | Type 2 |
| 64 | Financial institution P | 8.0% | December 28, 2018 | December 27, 2019 | 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 40,000 | 50,000 | Type 2 |
| 65 | Financial institution K | 12.0% | July 20, 2018 | January 20, 2020 | 80% shares of project company and guaranteed by Shanghai Zhongliang Real Estate, Suzhou Hongmai Property Co., Ltd., Shanghai Dafa Properties Group Limited and Nanjing Qiyin Co., Ltd. | N/A | 5,000 | — | Type 2 |

FINANCIAL INFORMATION

| Item | Financial institution | Annual interest rate | Effective date | Maturity date | Collaterals ⁽²⁾ | Veto rights to financial institution | Principal balance as of | | General category of trust financing arrangements |
|------|--------------------------|----------------------|--------------------|-------------------|--|--------------------------------------|-------------------------|-------------------------------|--|
| | | | | | | | December 31, 2018 | April 30, 2019 ⁽¹⁾ | |
| | | | | | | | (In RMB thousands) | | |
| | | | | | | | (Unaudited) | | |
| 66 | Financial institution K | 12.0% | July 30, 2018 | January 30, 2020 | 80% shares of project company and guaranteed by Shanghai Zhongliang Real Estate, Suzhou Hongmai Property Co., Ltd., Shanghai Dafa Properties Group Limited and Nanjing Qiyin Co., Ltd. | N/A | 79,380 | — | Type 2 |
| 67 | Financial institution II | 12.5% | May 14, 2018 | August 13, 2019 | 49% shares of project company and guarantees by Shanghai Zhongliang Real Estate and Foshan Gaoming Liangsheng Co., Ltd. | N/A | 85,450 | — | Type 2 |
| 68 | Financial institution U | 11.0% | November 20, 2017 | May 20, 2019 | Pledge of land use right, 100% shares of Jinhua City Dihuang Real Estate Co., Ltd. and 100% shares of project company and guarantees by Suzhou Huacheng and Mr. Yang | N/A | 285,000 | 285,000 | Type 2 |
| 69 | Financial institution JJ | 11.0% | September 14, 2018 | February 15, 2020 | Pledge of land use right, 20% shares of project company and guarantee by Shanghai Zhongliang Real Estate | N/A | 121,000 | 121,000 | Type 2 |
| 70 | Financial institution KK | 10.0% | August 29, 2018 | February 29, 2020 | Pledge of land use right, 100% shares of project company and guarantee by Shanghai Zhongliang Real Estate | N/A | 504,000 | — | Type 2 |
| 71 | Financial institution U | 9.65% | June 15, 2018 | June 15, 2020 | 100% shares of Jinhua Dihuang Real Estate Co., Ltd. and 100% shares of project company | N/A | 33,000 | 33,000 | Type 2 |
| 72 | Financial institution K | 12.0% | October 29, 2018 | February 29, 2020 | 90% shares of project company and guaranteed by Shanghai Zhongliang Real Estate, Yangzhou Ruifa Real Estate Co., Ltd. and Suzhou Hongmai Property Co., Ltd. | N/A | 5,000 | — | Type 2 |

FINANCIAL INFORMATION

| Item | Financial institution | Annual interest rate | Effective date | Maturity date | Collaterals ⁽²⁾ | Veto rights to financial institution | Principal balance as of | | General category of trust financing arrangements |
|------|--------------------------|----------------------|-------------------|-------------------|--|--------------------------------------|-------------------------|-------------------------------|--|
| | | | | | | | December 31, 2018 | April 30, 2019 ⁽¹⁾ | |
| | | | | | | | (In RMB thousands) | | |
| | | | | | | | (Unaudited) | | |
| 73 | Financial institution K | 12.0% | October 29, 2018 | April 21, 2020 | 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate, Suzhou Hongmai Property Co., Ltd. and Jinan Shenghai Real Estate Co., Ltd. | N/A | 438,000 | — | Type 2 |
| 74 | Financial institution LL | 11.0% | October 31, 2018 | April 30, 2020 | Pledge of land use right, 20% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 114,200 | 114,200 | Type 2 |
| 75 | Financial institution KK | 10.0% | November 16, 2018 | May 16, 2020 | Pledge of land use right, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 128,000 | — | Type 2 |
| 76 | Financial institution K | 13.0% | December 29, 2018 | June 29, 2020 | 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate and Hangzhou Zhonglianghui Property Co., Ltd. | N/A | 120,000 | 120,000 | Type 2 |
| 77 | Financial institution LL | 11.0% | December 29, 2018 | June 29, 2020 | Pledge of land use right, 20% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 120,700 | — | Type 2 |
| 78 | Financial institution K | 13.0% | December 29, 2018 | June 29, 2020 | 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 120,000 | — | Type 2 |
| 79 | Financial institution KK | 13.0% | December 18, 2018 | December 12, 2020 | Pledge of land use right, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 113,000 | 113,000 | Type 2 |

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| Item | Financial institution | Annual interest rate | Effective date | Maturity date | Collaterals ⁽²⁾ | Veto rights to financial institution | Principal balance as of | | General category of trust financing arrangements |
|------|--------------------------|----------------------|--------------------|--------------------|---|--------------------------------------|-------------------------|-------------------------------|--|
| | | | | | | | December 31, 2018 | April 30, 2019 ⁽¹⁾ | |
| | | | | | | | (In RMB thousands) | | |
| | | | | | | | (Unaudited) | | |
| 80 | Financial institution K | 13.0% | December 19, 2018 | June 19, 2021 | 83% shares of project company and guaranteed by Hangzhou Zhongliangheng Real Estate Co., Ltd., Zhejiang Liangcheng Real Estate Co., Ltd. and Lishui Liangxuan Co., Ltd. | N/A | 143,000 | 143,000 | Type 2 |
| 81 | Financial institution MM | 12.0% | December 13, 2018 | December 13, 2021 | Pledge of land use right, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 400,000 | 370,000 | Type 2 |
| 82 | Financial institution U | 9.5% | May 10, 2018 | June 28, 2020 | Pledge of land use right and 70% shares of the project company | N/A | 375,000 | 375,000 | Type 2 |
| 83 | Financial institution LL | 6.89% | August 27, 2018 | August 26, 2020 | Pledge of land use right, 100% shares of project company and guarantees by Shanghai Zhongliang Real Estate and Guangxi Zhongliangyi Real Estate Co., Ltd. | N/A | 280,000 | 213,154 | Type 2 |
| 84 | Financial institution NN | 12.0% | September 21, 2018 | September 21, 2020 | Pledge of land use right, 100% shares of project company and guarantees by Shanghai Zhongliang Real Estate and Shangqiu Hongjiu Co., Ltd. | N/A | 140,000 | 40,000 | Type 2 |
| 85 | Financial institution OO | 8.64% | September 26, 2018 | September 26, 2020 | Pledge of land use right, 100% shares of project company and guarantees by Shanghai Zhongliang Real Estate | N/A | 449,000 | 449,000 | Type 2 |
| 86 | Financial institution O | 12.5% | November 5, 2018 | November 4, 2020 | Pledge of land use right, guaranteed by deposits and Hangzhou Zhongliang Huizhi Real Estate Co., Ltd. | N/A | 210,000 | — | Type 2 |

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| Item | Financial institution | Annual interest rate | Effective date | Maturity date | Collaterals ⁽²⁾ | Veto rights to financial institution | Principal balance as of | | General category of trust financing arrangements |
|------|--------------------------|----------------------|-------------------|-------------------|--|--------------------------------------|-------------------------|-------------------------------|--|
| | | | | | | | December 31, 2018 | April 30, 2019 ⁽¹⁾ | |
| | | | | | | | (In RMB thousands) | | |
| | | | | | | | (Unaudited) | | |
| 87 | Financial institution K | 13.0% | December 19, 2018 | June 19, 2021 | 83%g shares of project company and guaranteed by deposits and Shanghai Zhongliang Real Estate, Zhejiang Liangcheng Real Estate Co., Ltd. and Lishui Liangxuan Co., Ltd. | N/A | 31,000 | 24,855 | Type 2 |
| 88 | Financial institution K | 12.0% | October 25, 2018 | October 25, 2021 | 90% shares of project company and guaranteed by deposits and Shanghai Zhongliang Real Estate, Yangzhou Ruifa Real Estate Co., Ltd. and Suzhou Hongmai Property Co., Ltd. | N/A | 12,060 | 132,060 | Type 2 |
| 89 | Financial institution PP | 9.8% | February 20, 2017 | December 21, 2018 | 100% shares of the project company and 36% shares of Anhui Liangxuan Real Estate Co., Ltd. | Yes | 224,000 | — | Type 3 |
| 90 | Financial institution QQ | 18.5% | November 22, 2018 | November 22, 2019 | Guaranteed by Shanghai Zhongliang Real Estate | N/A | 300,000 | — | Type 3 |
| 91 | Financial institution QQ | 15.0% | November 22, 2018 | November 22, 2019 | Guaranteed by Shanghai Zhongliang Real Estate | N/A | 150,000 | 150,000 | Type 3 |
| 92 | Financial institution RR | 11.5% | April 25, 2018 | April 24, 2019 | Pledge of land use right, 100% shares of the project company and guarantee by Shanghai Zhongliang Real Estate | N/A | 146,400 | — | Type 3 |
| 93 | Financial institution K | 10.0% | December 5, 2017 | June 5, 2019 | 95% shares of Yangzhou Fenghong Real Estate Co., Ltd., 100% shares of the project company and guarantees by Suzhou Huacheng, Mr. Yang, Ms. Xu, Suzhou Hongmai Property Co., Ltd. and Shanghai Zhongliang Real Estate | Yes | 500 | — | Type 3 |

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| Item | Financial institution | Annual interest rate | Effective date | Maturity date | Collaterals ⁽²⁾ | Veto rights to financial institution | Principal balance as of | | General category of trust financing arrangements |
|------|--------------------------|----------------------|-------------------|-------------------|---|--------------------------------------|-------------------------|-------------------------------|--|
| | | | | | | | December 31, 2018 | April 30, 2019 ⁽¹⁾ | |
| | | | | | | | (In RMB thousands) | | |
| | | | | | | | (Unaudited) | | |
| 94 | Financial institution U | 12.0% | November 30, 2018 | November 30, 2019 | Pledge of land use right and properties under development, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 143,000 | 143,000 | Type 3 |
| 95 | Financial institution DD | 13.0% | December 28, 2018 | December 28, 2019 | Pledge of land use right, 10% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 150,000 | — | Type 3 |
| 96 | Financial institution DD | 13.0% | December 22, 2018 | December 22, 2020 | Pledge of land use right, 10% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 84,000 | 84,000 | Type 3 |
| 97 | Financial institution SS | 10.0% | November 28, 2018 | November 28, 2019 | Pledge of land use right, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 500,000 | 995,850 | Type 3 |
| 98 | Financial institution SS | 10.0% | December 6, 2018 | December 6, 2019 | Pledge of land use right, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 42,750 | — | Type 3 |
| 99 | Financial institution SS | 10.0% | December 11, 2018 | December 11, 2019 | Pledge of land use right, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 34,400 | — | Type 3 |
| 100 | Financial institution SS | 10.0% | December 14, 2018 | December 14, 2019 | Pledge of land use right, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 209,000 | — | Type 3 |
| 101 | Financial institution SS | 10.0% | December 18, 2018 | December 18, 2019 | Pledge of land use right, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 30,000 | — | Type 3 |

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| Item | Financial institution | Annual interest rate | Effective date | Maturity date | Collaterals ⁽²⁾ | Veto rights to financial institution | Principal balance as of | | General category of trust financing arrangements |
|--------------------|--------------------------|----------------------|-------------------|-------------------|---|--------------------------------------|-------------------------|-------------------------------|--|
| | | | | | | | December 31, 2018 | April 30, 2019 ⁽¹⁾ | |
| (In RMB thousands) | | | | | | | | | |
| (Unaudited) | | | | | | | | | |
| 102 | Financial institution SS | 10.0% | December 21, 2018 | December 21, 2019 | Pledge of land use right, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 6,500 | — | Type 3 |
| 103 | Financial institution SS | 10.0% | December 28, 2018 | December 28, 2019 | Pledge of land use right, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 38,400 | — | Type 3 |
| 104 | Financial institution TT | 12.0% | December 7, 2018 | December 7, 2019 | Pledge of land use right and properties under development, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 14,500 | 199,400 | Type 3 |
| 105 | Financial institution TT | 12.0% | December 17, 2018 | December 17, 2019 | Pledge of land use right and properties under development, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 12,000 | — | Type 3 |
| 106 | Financial institution TT | 12.0% | November 23, 2018 | November 23, 2019 | Pledge of land use right and properties under development, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 14,500 | — | Type 3 |
| 107 | Financial institution TT | 12.0% | November 30, 2018 | November 30, 2019 | Pledge of land use right and properties under development, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 2,000 | — | Type 3 |
| 108 | Financial institution TT | 12.0% | December 20, 2018 | December 20, 2019 | Pledge of land use right and properties under development, 100% shares of project company and guaranteed by Shanghai Zhongliang Real Estate | N/A | 31,300 | — | Type 3 |

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| Item | Financial institution | Annual interest rate | Effective date | Maturity date | Collaterals ⁽²⁾ | Veto rights to financial institution | Principal balance as of | | General category of trust financing arrangements |
|--------------|-------------------------|----------------------|----------------|---------------|--|--------------------------------------|-------------------------|-------------------------------|--|
| | | | | | | | December 31, 2018 | April 30, 2019 ⁽¹⁾ | |
| | | | | | | | (In RMB thousands) | | |
| | | | | | | | (Unaudited) | | |
| 109 | Financial institution U | 10.8% | June 8, 2018 | June 1, 2020 | Pledge of land use right, 80% shares of Hangzhou Zhengyue Real Estate Co., Ltd., 100% shares of the project company and guarantees by Suzhou Huacheng and Mr. Yang | Yes | 402,900 | 402,900 | Type 3 |
| Total | | | | | | | 14,716,300 | 9,827,548 | |

Notes:

- (1) Reflects the outstanding balances as of April 30, 2019 of our trust financing arrangements that were outstanding as of December 31, 2018.
- (2) For the guarantees by our Controlling Shareholders and/or their associates for this trust financing arrangement that have not been released as of the Latest Practicable Date will be released prior to the Listing.

Types of Our Trust Financing and Asset Management Arrangements

Our trust financing and asset management arrangements are broadly categorized into:

- Type 1 arrangements which have terms similar to bank borrowings and do not involve either a pledge or a transfer of equity interests;
- Type 2 arrangements which have similar terms as bank borrowings and involves a pledge of equity interests; or
- Type 3 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.

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The following table sets forth the aggregate principal balances of our borrowings under trust financing and asset management arrangements by type as of the dates indicated:

| | As of | | | |
|--------------------|-------------------|---------------------|-------------------------------------|---------------------|
| | December 31, 2018 | | As of April 30, 2019 ⁽¹⁾ | |
| | Number | In RMB thousands | Number | In RMB thousands |
| Type 1 | 42 | 5,156,128 | 26 | 3,382,329 |
| Type 2 | 46 | 7,011,962 | 24 | 4,338,009 |
| Type 3 | 21 | 2,548,210 | 6 | 2,107,210 |
| Total | 109 | 14,716,300 | 56 | 9,827,548 |

Note:

- (1) Reflects the outstanding balances as of April 30, 2019 of our trust financing arrangements that were outstanding as of December 31, 2018.

Our trust financing and asset management arrangements may also be secured by other securities, including pledges of land use rights of the relevant property projects, 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 and asset management arrangement. We believe these agreements we entered into are in line with industry practice in the PRC.

Key Terms of Type 1 Arrangements

In Type 1 arrangements, where our equity interests are neither pledged nor transferred, the financing providers typically require such financings to be secured by our land use rights and/or guaranteed personally by our Controlling Shareholders. They may also contain terms that prohibit our project companies from entering into transactions such as merger, restructuring, spin-off, material asset transfer, liquidation, change of control, reduction of registered capital, change of scope of business, declaration of dividends or incurring further indebtedness without prior consent. These agreements may also contain terms that allow the financing providers to terminate the agreement in the event of the above incidents or certain other incidents that will have material adverse effect on the project companies, such as involvement in legal proceedings, fraud, severe financial losses or major changes in the management or entering into major connected transactions. We retain the rights and control in respect of the daily operation and management of our project companies and borrowing subsidiaries.

Key Terms of Type 2 Arrangements

In Type 2 arrangements, the equity interests held by us or our Controlling Shareholders, as the case may be, in the relevant companies are pledged to the trust financing providers. Over half of our Type 2 arrangements provide the trust financing providers with veto rights to certain major corporate actions and participation in the

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board meeting. Such arrangements may allow them to participate in operational activities, such as setting the budget, operational or investment plans, profit distribution, or appointment of accountants and officers or decisions with respect to other major transactions that exceed certain amount. However, as we have received confirmation from these trust financing providers that they have not and will not exercise such rights, we believe that such arrangements will not affect our 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.

Key Terms of Type 3 Arrangements

In Type 3 arrangements, where a portion of our equity interests in the project companies are transferred to, or subscribed by and issued to, the financing providers, the legal terms are more complex. A summary of the key terms is set forth below.

Board representation

Under most of our Type 3 arrangements, the financing providers are entitled to appoint a minority number of directors on the board of our project companies or borrowing subsidiaries. We retain the majority board seats in all the relevant subsidiaries, therefore, we retain control over the decision making of such boards. During the Track Record Period, there had been no dissenting vote cast by any of the board representatives appointed by the financing providers.

Control over the project companies

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. However, under certain of our Type 3 agreements, the financing providers are entitled to designate officers to relevant subsidiaries to supervise the management of such subsidiaries, including exercising actual control of the stamps, licenses and certificates, inspecting the construction site, involving in setting operational and financial plans and review of investment, procurement and asset purchases. Such officers also have access to the bank account, financial records and IT systems of our project companies. In addition, under certain such arrangements, the financing providers are entitled to appoint the financial or operational manager of our subsidiary or to take over the management of our project companies in cases the management of our subsidiary are not competent to achieve the performance goals. Under certain Type 3 agreements, the financing provider has the right to exercise its right to set the price and sell the property units without approval by the board or shareholders if the sales target set forth in the respective agreements is not met at certain time prior to the maturity date. 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.

Veto right

Under most of our outstanding Type 3 arrangements, the financing provider is entitled to veto right to certain material matters relating to the relevant project company, including but not limited to the review and

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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, any providing pledge or guarantee matters 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 3 arrangements that we may not operate our business in such a way that deviates materially from the pre-determined financial and operating policies. 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.

Repayment

The terms of our Type 3 agreements range from 12 to 24 months. We have normally discharged our repayment obligations under these arrangements by utilizing proceeds from sales and pre-sales of our properties. 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. We expect that we will continue to satisfy our repayment obligations under our trust financing and asset management arrangements. We are obliged to make the full repayment of the trust loans under our trust financing and asset management arrangements in order to repurchase the minority equity interest from the relevant financing providers and discharge the pledged land use rights and/or equity interests. We will be subject to penalties for any late payment based on the calculation agreed in the relevant agreements.

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.

Fixed income return

Under the terms of our Type 3 agreements, the financing providers do not in any circumstance enjoy any investment return other than a pre-determined fixed income return. We remain fully accountable for the profits and losses of our project companies. The financing providers do not bear any risks or enjoy any benefits other than the fixed income return that was pre-determined through arm's length negotiation. Our Directors have confirmed that the rates of fixed income return provided to the trust companies, asset management companies or other financial institutions under our Type 3 arrangements are within the range of market rates.

Mandatory early repurchase of equity interests

Under the terms of certain Type 3 agreements, the financing provider may have the right to request us to repurchase the equity interests immediately if the project company liquidates, transfers of substantial portion of its assets, or that there are changes in the project company that makes 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 3 agreements, the financing provider has the right to request for early repurchase of the equity

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interests at an agreed price if the performance of the project company does not meet certain thresholds set out in the agreement. In addition, under two of our Type 3 agreements, the financing providers have the right to sell the equity interests held and/or to dispose the assets of the project companies to satisfy their respective credit claims against us if the sales targets are not met.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as of December 31, 2018, 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.

KEY FINANCIAL RATIOS

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

| | Year Ended/As of December 31, | | |
|--|-------------------------------|-------|-------|
| | 2016 | 2017 | 2018 |
| Gross profit margin (%) ⁽¹⁾ | 21.1 | 20.4 | 22.9 |
| Net gearing ratio (%) ⁽²⁾ | 1,790.2 | 339.5 | 58.1 |
| Interest coverage ratio (%) ⁽³⁾ | 83.9 | 147.0 | 246.6 |
| Current ratio (times) ⁽⁴⁾ | 1.3 | 1.2 | 1.1 |
| Return on equity (%) ⁽⁵⁾ | N/A ⁽⁶⁾ | 21.2 | 37.4 |

Notes:

- (1) Gross profit for the year divided by revenue of the year and multiplied by 100.
- (2) Total borrowings less cash and bank balances divided by total equity at the end of the year and multiplied by 100.
- (3) Profit for the year before income tax expenses, adding interest expenses, divided by interest expenses, multiplied by 100; interest expenses refer to the finance costs on our consolidated financial statements for the respective year with capitalized interest added back.
- (4) Total current assets at the end of the year divided by total current liabilities at the end of the year.
- (5) Net profit of the year divided by total equity at the end of the year and multiplied by 100.
- (6) We recorded a net loss for the relevant year.

Gross Profit Margin

Our gross profit margin was 21.1%, 20.4% and 22.9% in the years ended December 31, 2016, 2017 and 2018, respectively. See “— Period to Period Comparison of Results of Operations” for a detailed discussion.

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Net Gearing Ratio

Net gearing ratio significantly decreased from 1,790.2% as of December 31, 2016 to 339.5% as of December 31, 2017 and to 58.1% as of December 31, 2018, primarily because (i) our internally generated cash derived from sales of properties increased significantly during the Track Record Period, which, to certain extent, reduced our reliance on external borrowings, and (ii) our total equity increased by 259.4% and 186.9%, from RMB655.0 million as of December 31, 2016 to RMB2,353.8 million as of December 31, 2017, and further to RMB6,754.2 million as of December 31, 2018, respectively, mainly as a result of our increasing retained earnings.

Interest Coverage Ratio

Our interest coverage ratio increased from 83.9% as of December 31, 2016 to 147.0% as of December 31, 2017, and further to 246.6% as of December 31, 2018. The continuous increase indicated our improved ability to repay interest payments, which was primarily due to the increase in our net profit during the Track Record Period resulting from the significant increase in our revenue driven by an increase in the aggregate recognized GFA, as well as our enhanced efforts to manage our financial leverage.

Current Ratio

Our current ratio remained relatively stable at 1.3, 1.2 and 1.1 times, respectively, as of December 31, 2016, 2017 and 2018.

Return on Equity

We recorded a net loss in 2016. Our return on equity increased from 21.2% as of December 31, 2017 to 37.4% as of December 31, 2018, primarily due to the significant increase in our net profit resulting from the significant increase in our revenue driven by an increase in the aggregate recognized GFA.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

We are, in the ordinary course of our business, exposed to various market risks, including interest rate risk, credit risk and liquidity risk. Our capital risk management strategy aims to safeguard our ability to continue as a going concern in order to provide returns for our shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Interest Rate Risk

Our exposure to risk for changes in market interest rates relates primarily to our interest-bearing bank and other borrowings. We do not use derivative financial instruments to hedge interest rate risk. We manage our interest cost using variable rate bank borrowings and other borrowings. If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables held constant, our profit before tax, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB5.7 million, RMB7.5 million and RMB10.9 million for the years ended December 31, 2016, 2017 and 2018, respectively.

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Credit Risk

We divide financial instruments on 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. To manage risk arising from trade receivables, we have policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of our counterparties. The credit term granted to our customers is generally six months and the credit quality of these customers is assessed after taking into account the customers' financial position, past experience and other factors. We also have other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, we regularly review the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. We have no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

Our management makes periodic collective assessments for financial assets included in prepayments and other receivables and amounts due from related companies as well as individual assessments on the recoverability of other receivables and amounts due from related companies based on historical settlement records and past experience. We constantly monitor the credit risk of our financial assets included in prepayments, deposits and other receivables and amounts due from related companies. Our Directors believe that there is no material credit risk inherent in our outstanding balance of financial assets included in prepayments and other receivables and amounts due from related companies.

Liquidity Risk

Our 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 our financial liabilities as at the end of the relevant period, based on contractual undiscounted payments, is as follows:

| | <u>On Demand</u> | <u>Less Than Three Months</u> | <u>3-12 Months</u> | <u>Over One Year</u> | <u>Total</u> |
|---|----------------------|---------------------------------------|------------------------|--------------------------|-------------------|
| (In RMB thousands) | | | | | |
| December 31, 2016 | | | | | |
| Trade and bills payables | — | 1,986,681 | — | — | 1,986,681 |
| Other payables | — | 1,600,082 | — | — | 1,600,082 |
| Due to related companies | 4,411,521 | — | — | — | 4,411,521 |
| Other financial liabilities | 22,217 | — | — | — | 22,217 |
| Interest-bearing bank and other borrowings | — | 2,983,078 | 6,751,017 | 14,474,055 | 24,208,150 |
| | <u>4,433,738</u> | <u>6,569,841</u> | <u>6,751,017</u> | <u>14,474,055</u> | <u>32,228,651</u> |

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| | On Demand | Less Than Three Months | 3-12 Months | Over One Year | Total |
|---|------------------|------------------------------|-------------------|-------------------|-------------------|
| (In RMB thousands) | | | | | |
| December 31, 2017 | | | | | |
| Trade and bills payables | — | 4,839,542 | — | — | 4,839,542 |
| Other payables | — | 3,047,671 | — | — | 3,047,671 |
| Due to related companies | 9,849,122 | — | — | — | 9,849,122 |
| Other financial liabilities | 40,991 | — | — | — | 40,991 |
| Interest-bearing bank and other borrowings | — | 2,162,860 | 7,843,526 | 18,613,882 | 28,611,268 |
| | <u>9,890,113</u> | <u>10,050,073</u> | <u>7,834,526</u> | <u>18,613,882</u> | <u>46,388,594</u> |
| December 31, 2018 | | | | | |
| Trade and bills payables | — | 8,498,295 | — | — | 8,498,295 |
| Other payables | — | 16,839,706 | — | — | 16,839,706 |
| Due to related companies | 7,419,138 | — | — | — | 7,419,138 |
| Provision for financial guarantee contracts ... | 84,869 | — | — | — | 84,869 |
| Other financial liabilities | 59,284 | — | — | — | 59,284 |
| Interest-bearing bank and other borrowings | — | 2,581,750 | 15,069,658 | 14,964,607 | 32,616,015 |
| | <u>7,563,291</u> | <u>27,919,751</u> | <u>15,069,658</u> | <u>14,964,607</u> | <u>65,517,307</u> |

Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize our shareholder's value. We manage our capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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, 2018, our reserves available for distribution to the Shareholders were RMB1,766.1 million.

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SENSITIVITY ANALYSIS OF HISTORICAL RESULTS

For illustrative purposes only, the following table demonstrates the sensitivity of our net profit/(net loss) during the Track Record Period to hypothetical changes in cost of sales:

| | Net Profit/(Net Loss) | | | | | |
|--|---|-------|-----------|--------|-----------|-------|
| | Year ended December 31, | | | | | |
| | 2016 | 2017 | | 2018 | | |
| Hypothetical changes in cost of sales | (In RMB thousands, except for percentage) | | | | | |
| 8% | (454,476) | 68% | (394,732) | (179)% | 661,979 | (74)% |
| 6% | (408,300) | 51% | (171,405) | (134)% | 1,128,056 | (55)% |
| 4% | (362,123) | 34% | 51,921 | (90)% | 1,594,133 | (37)% |
| 2% | (315,946) | 17% | 275,248 | (45)% | 2,060,210 | (18)% |
| 0% | (269,769) | 0% | 498,574 | 0% | 2,526,287 | 0% |
| -2% | (223,592) | (17)% | 721,900 | 45% | 2,992,364 | 18% |
| -4% | (177,415) | (34)% | 945,227 | 90% | 3,458,441 | 37% |
| -6% | (131,238) | (51)% | 1,168,553 | 134% | 3,924,518 | 55% |
| -8% | (85,061) | (68)% | 1,391,880 | 179% | 4,390,595 | 74% |

For illustrative purposes only, the following table demonstrates the sensitivity of our net profit during the Track Record Period to hypothetical changes in our recognized ASP, with all other variables held constant:

| | Net Profit/(Net Loss) | | | | | |
|---|---|-------|-----------|--------|-----------|-------|
| | Year Ended December 31, | | | | | |
| | 2016 | 2017 | | 2018 | | |
| Hypothetical changes in recognized ASP | (In RMB thousands, except for percentage) | | | | | |
| 8% | (35,736) | (87)% | 1,620,678 | 225% | 4,943,462 | 96% |
| 6% | (94,244) | (65)% | 1,340,152 | 169% | 4,339,168 | 72% |
| 4% | (152,753) | (43)% | 1,059,626 | 113% | 3,734,874 | 48% |
| 2% | (211,261) | (22)% | 779,100 | 56% | 3,130,581 | 24% |
| 0% | (269,769) | 0% | 498,574 | 0% | 2,526,287 | 0% |
| -2% | (328,277) | 22% | 218,048 | (56)% | 1,921,993 | (24)% |
| -4% | (386,785) | 43% | (62,478) | (113)% | 1,317,699 | (48)% |
| -6% | (445,294) | 65% | (343,004) | (169)% | 713,406 | (72)% |
| -8% | (503,802) | 87% | (623,530) | (225)% | 109,112 | (96)% |

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For illustrative purposes only, the following table demonstrates the sensitivity of certain of our cash flow items during the Track Record Period to a hypothetical increase/decrease of 20% in our recognized ASP, with all other variables held constant:

| | Year Ended/As of December 31, | | |
|--|-------------------------------|-------------|-------------|
| | 2016 | 2017 | 2018 |
| | (In RMB thousands) | | |
| Contracted liabilities | 16,882,989 | 51,891,569 | 95,482,250 |
| Net cash flows (used in)/generated from operating activities | (17,628,202) | (6,837,787) | 8,036,946 |
| Cash and cash equivalents | 4,847,470 | 10,748,022 | 14,551,518 |
| | | | |
| <u>Hypothetical increase of 20% in recognized ASP</u> | | | |
| Increase in contract liabilities | 12,199,240 | 42,010,296 | 52,307,942 |
| Net cash flows (used in)/generated from operating activities | (15,594,995) | 163,929 | 16,754,936 |
| Net increase in cash and cash equivalents | 4,762,027 | 12,902,268 | 12,521,486 |
| | | | |
| <u>Hypothetical decrease of 20% in recognized ASP</u> | | | |
| Increase in contract liabilities | 8,132,826 | 28,006,864 | 34,871,962 |
| Net cash flows used in operating activities | 19,661,409 | 13,839,503 | 681,044 |
| Net increase/(decrease) in cash and cash equivalents | 695,613 | (1,101,164) | (4,914,494) |

DIVIDENDS

We currently intend to pay approximately 40% of our consolidated profit attributable to Shareholders (excluding net fair value gains/losses and net foreign exchange difference (if any)) as dividends from the year ending December 31, 2019. Going forward, we will re-evaluate our dividend policy in light of our financial position and the prevailing economic climate. However, the determination to pay dividend will be made at the discretion of our Board and will be based upon our earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors deem relevant. In addition, our Controlling Shareholders will be able to influence our dividend policy. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter in the future. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

Dividends may be paid only out of our distributable profits as permitted under the relevant laws. For example, the 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. In addition, distributions from our subsidiaries may be restricted 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. 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.

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Moreover, PRC laws require that dividends be paid only out of net profit calculated according to the PRC accounting principles, which may differ from the generally accepted accounting principles in other jurisdictions, including IFRS. The Ministry of Finance of the PRC issued certain new accounting standards of China Accounting Standards for Business Enterprises (the “CASBE”) during the year of 2017, including the new accounting standards on financial instruments and revenue. These new accounting standards together with the other prevailing accounting standards constitute the generally accepted accounting principles in the PRC, which are in all material aspects identical with IFRS. As required by the Ministry of Finance of the PRC, such new accounting standards are applicable for different entities with different timetables. Specifically, for the new revenue accounting standard that may have significant impacts over the performance of our Group, it will be adopted during the periods beginning (i) on or after January 1, 2018, for entities that are dually listed in mainland China and overseas and entities listed overseas that prepare financial statements under IFRS or CASBE, (ii) on or after January 1, 2020 for all entities listed in mainland China, and (iii) on or after January 1, 2021 for all other entities. Early adoption is permitted. As such, our subsidiaries that are established in mainland China and are preparing their statutory financial statements under CASBE might have a timing difference in reporting earnings under CASBE and IFRS no later than January 1, 2021, which would not have a negative impacts over the retained earnings of our subsidiaries which could be used for dividend distribution. Our Directors are of the view that there will be no significant negative impact arising from the differences between IFRS and the generally accepted accounting principles in the PRC on our ability to distribute dividends in the future.

LISTING EXPENSES INCURRED AND TO BE INCURRED

The listing expenses in connection with the Global Offering consist primarily of underwriting commissions and professional fees. During the Track Record Period, we had incurred listing expenses of approximately RMB48.0 million (approximately HK\$54.5 million), of which RMB36.8 million (approximately HK\$41.8 million) was recognized as administrative expenses with RMB2.0 million (approximately HK\$2.3 million) charged for the year ended December 31, 2017 and the remaining RMB34.8 million (approximately HK\$39.5 million) charged for the year ended December 31, 2018, respectively, and RMB11.2 million (approximately HK\$12.7 million) was capitalized as deferred listing expenses. We currently expect to incur further expenses amounting to RMB154.4 million (approximately HK\$175.5 million) subsequent to the end of the Track Record Period, of which RMB56.2 million (approximately HK\$63.9 million) will be recognized as administrative expenses and RMB98.2 million (approximately HK\$111.6 million) will be recognized as a deduction in equity. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2019.

PROPERTY INTERESTS AND PROPERTY VALUATION

JLL, an independent property valuer, has valued our property interests as of March 31, 2019 and is of the opinion that the aggregate value of our property interests as of such date was RMB150,224 million. The letter and summary disclosure of property valuation with regard to such property interests are set out in Appendix III to this prospectus.

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A reconciliation of the net book value of our properties as of December 31, 2018 as set out in “Accountants’ Report” in Appendix I to their fair value as of March 31, 2019 as stated in the property valuation report set out in “Property Valuation Report” in Appendix III is set out below.

| | RMB in thousands |
|---|-------------------------|
| Net book value of the following assets of the Group as of December 31, 2018 | |
| — investment properties | 928,900 |
| — properties under development | 99,481,406 |
| — completed properties held for sale | 3,596,396 |
| — progress prepayments for acquisition of land use rights | 370,952 |
| | 104,377,654 |
| Addition | 9,369,972 |
| Less: sales of completed properties held for sale | 2,580,190 |
| Net book value of the following assets of the Group as of March 31, 2019 | 111,167,436 |
| Valuation surplus, before tax | 39,056,564 |
| Valuation of properties of the Group as of March 31, 2019 as set out in the Property Valuation Report in Appendix III | <u>150,224,000</u> |

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 audited net tangible assets of our Group as of December 31, 2018 as if the Capitalization Issue and the Global Offering had occurred on December 31, 2018 and is based on the consolidated net assets derived from the audited financial information of our Group as of December 31, 2018, as set out in the Accountants’ Report in Appendix I to this prospectus and adjusted as follows:

| | Audited Consolidated Net Tangible Assets of Our Group as of December 31, 2018⁽¹⁾ | Estimated Net Proceeds from the Global Offering⁽²⁾ | Unaudited Pro Forma Adjusted Net Tangible Assets of our Group⁽³⁾ | Unaudited Pro Forma Adjusted Net Tangible Assets per Share^{(4) (5)} | |
|---|--|--|--|---|-------------|
| | In RMB thousands | | | RMB | HK\$ |
| Based on an Offer Price of HK\$4.68 per Share, after a Downward Offer Price Adjustment of 10% to the low end indicative Offer Price range | 2,578,221 | 2,048,406 | 4,626,627 | 1.31 | 1.49 |
| Based on an Offer Price of HK\$5.20 per Share | 2,578,221 | 2,282,670 | 4,860,891 | 1.38 | 1.57 |
| Based on an Offer Price of HK\$6.68 per Share | 2,578,221 | 2,949,419 | 5,527,640 | 1.57 | 1.78 |

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Notes:

- (1) The consolidated net tangible assets attributable to owners of the Company as of December 31, 2018 is extracted from the Accountants' Report, which is based on the audited consolidated equity attributable to owners of the Company as of December 31, 2018 of approximately RMB2,578.7 million after deducting intangible assets of RMB0.5 million.
- (2) The estimated net proceeds from the Global Offering are based on the offer prices of HK\$5.20, HK\$6.68, and HK\$4.68 per Offer Share after making a Downward Offer Price Adjustment of 10%, after deduction of the underwriting fees and other related expenses payable by our Group and does not take into account any Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Post-IPO Share Option Scheme and may be allotted and repurchased by our Group pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in "Share Capital." The estimated net proceeds of the Global Offering are converted into Hong Kong dollars and RMB at an exchange rate of HK\$1.00 to RMB0.8800. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (3) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to December 31, 2018.
- (4) The unaudited pro forma including adjusted net tangible assets per Share are arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 3,530,000,000 Shares are expected to be in issue following the Capitalization Issue and the Global Offering, but do not take into account any Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Post-IPO Share Option Scheme and may be allotted and repurchased by our Group pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in "Share Capital."
- (5) The unaudited pro forma adjusted net tangible assets attributable to the Company per Share are converted into Hong Kong dollars and RMB at an exchange rate of HK\$1.00 to RMB0.8800. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had carried out transactions with related parties as set forth in Note 37 to the Accountants' Report set out in Appendix I to this prospectus.

During the Track Record Period, our related parties may be generally classified as three groups, namely, (i) our joint ventures and associates, (ii) entities controlled by our Controlling Shareholders, and (iii) entities controlled by certain Directors and/or their close family members.

During the Track Record Period, amounts due from/to joint ventures and associates were mainly non-trade interest-free cash advances we made to/received from these entities to support the business operations of the relevant entities. An insignificant portion of the amounts due from joint ventures and associates were of trade nature which were relating to the management consulting and property management services we provided to these entities. As of December 31, 2016, 2017 and 2018, total amounts due from joint ventures and associates were RMB1,030.2 million, RMB3,342.5 million and RMB9,560.9 million, respectively. As of the same dates, amounts due to joint ventures and associates were RMB238.3 million, RMB3,387.5 million and RMB7,228.9 million, respectively. We do not intend to settle all the outstanding amounts due from/to joint ventures and associates prior to the Listing and expect that such advances will be recurring in future periods during the ordinary courses of our business.

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During the Track Record Period, amounts due from/to entities controlled by our Controlling Shareholders were primarily non-trade interest-free cash advances we made to/received from these entities to support the business operations of the relevant entities. As of December 31, 2016, 2017 and 2018, total amounts due from entities controlled by our Controlling Shareholders were RMB1,245.4 million, RMB3,006.4 million and RMB222.9 million, respectively. As of the same dates, amounts due to entities controlled by our Controlling Shareholders were RMB4,173.2 million, RMB5,951.2 million and RMB70.8 million, respectively. Save as disclosed under the section headed “Connected Transactions,” we expect to settle all the remaining amounts due to/from entities controlled by our Controlling Shareholders prior to the Listing.

During the Track Record Period, in order to support our property development business, especially land acquisitions, we also received advances from companies controlled by our ultimate Controlling Shareholders, mainly Suzhou Huacheng, which provided financings to us primarily with its internally generated funds and the proceeds from its corporate bond offering in 2016. We had repaid most of the advances due to Suzhou Huacheng by 2018 primarily with our internally generated funds and expect to fully repay such amount prior to the Listing. We expect to cease to rely on such source of financing after the Listing.

Due to the similar reasons of supporting each other’s business operations, we also recorded amounts due from/to entities controlled by certain Directors and/or their close family members which were non-trade interest-free cash advances. In addition, during the Track Record Period, entities controlled by certain Directors and/or their close family members also included certain limited partnerships, collectively established by the Participating Members under our previous Co-investment Schemes, which held minority interests in our project companies. Historically, some of our senior management and/or Directors were designated to act as the general partners of these limited partnerships. To enhance our corporate governance and reduce potential connected transactions arising only by virtue of a connected person being designated to act as a general partner, we are in the process of changing those general partners to employees other than senior management and/or Directors, which is expected to be completed prior to the Listing. We have also amended our Co-investment Schemes such that since July 2018, none of our senior management has been or will be designated as a general partner of the limited partnerships established under our current Co-investment Schemes. Amounts due to these limited partnerships were mainly shareholders’ loans they provided to the relevant jointly-owned project companies to support the business operations. Amounts due from these limited partnerships mainly represented cash advances made from the relevant project companies to the limited partnerships before the final settlement and distribution of the jointly-developed projects. As of December 31, 2016, 2017 and 2018, total amounts due from entities controlled by certain Directors and/or their close family members were RMB359.1 million, RMB648.0 million and RMB57.7 million, respectively. As of the same dates, amounts due to entities controlled by certain Directors and/or their close family members were nil, RMB510.5 million and RMB119.5 million, respectively. Except for the above-mentioned limited partnerships undergoing a change of the general partner, we expect to settle all the remaining amounts due to/from entities controlled by certain Directors and/or their close family members prior to the Listing.

Among all related parties that were entities controlled by certain Directors and/or their close family members, Suzhou Jinjian obtained funds from us with an interest rate of approximately 10% per annum. The total outstanding amount due from Suzhou Jinjian was RMB282.3 million, RMB297.1 million and nil as of

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December 31, 2016, 2017 and 2018, respectively. We had settled such amounts in full as of the Latest Practicable Date. In addition, in December 2017, Jiangsu Zhongquanhe Construction Co., Ltd. provided loans to us for property development purpose with a term of one to two years and an interest rate of 7.45% and 10.0% per annum. As of December 31, 2017 and 2018, the outstanding balances of the aforementioned loans from Jiangsu Zhongquanhe Construction Co., Ltd. amounted to RMB260.0 million and RMB138.6 million, respectively. We expect to settle such amounts in full prior to the Listing. Except for these two entities, all amounts due from/to entities controlled by certain Directors and/or their close family members were interest free.

Our Directors confirmed that all such related party transactions were conducted on an arm's length basis and on fair and reasonable terms.

The above mentioned non-trade amounts due to/from related parties involved the lending of money which may not be in compliance with the General Lending Provisions (《貸款通則》), a regulation promulgated by the PBOC in 1996. According to the General Lending Provisions, only financial institutions may legally engage in the business of extending loans, and loans as 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, according to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the "Provisions") promulgated on June 23, 2015 and effective on September 1, 2015, borrowing agreements are valid if extended for purposes of financing production or business operations. 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%. Pursuant to the Notice of the Supreme People's Court on Conscientiously Studying, Implementing and Applying the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於認真學習貫徹適用《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》的通知) published on August 25, 2015, the Provisions shall apply to loans entered into prior to the implementation of the Provisions that are invalid under the former judicial interpretations but valid under the Provisions.

As confirmed by the Directors, as of the Latest Practicable Date, we had not received any notice of claim or penalty relating to such advances. We are advised by our PRC Legal Advisers that under normal circumstances, the possibility that the PBOC would impose a penalty on the companies in respect of the above-mentioned advances pursuant to the General Lending Provisions is low.

SUBSEQUENT EVENT

There is no material subsequent event undertaken by our Group after December 31, 2018, being the date on which our latest audited combined 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

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adverse change in our financial or trading position or prospects since December 31, 2018, being the date on which our latest audited combined financial statements were prepared, and there is no event since December 31, 2018 which would materially affect the information as set out in the Accountants' Report in Appendix I to this prospectus.

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.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), Mr. Yang and Ms. Xu, through their holding companies Liangzhong, Liangyi and Liangtai, hold and be entitled to exercise in general meetings voting rights attached to Shares representing approximately 84.16% of the issued share capital of our Company. Accordingly, Mr. Yang, Ms. Xu and their close associates will form a group of Controlling Shareholders under the Listing Rules.

Non-Core Business and Delineation

The core business of our Group focuses on development of 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.

In addition to our business, Mr. Yang also has interests in certain property related businesses as set out below (the “**Non-Core Business**”), which are operated through companies owned and/or controlled by Mr. Yang. These companies do not form part of our Group as they are not part of our core business, notwithstanding that they are related to our core business. Details of these businesses are as the following:

(a) *Sales management services and pre-delivery property management services*

Mr. Yang holds Shanghai Zhongliang Property, which in turn holds various subsidiaries (together, “**Zhongliang Property Management Companies**”), which are PRC entities primarily engaged in the provision of property management services for properties under development and completed residential properties in the PRC. Zhongliang Property Management Companies provide, among others, (i) sales management services to showrooms, display units and sales offices; and (ii) pre-delivery property management services including but not limited to security, cleaning, gardening, repair and maintenance services which are required by residential property projects before the property owners’ association could be lawfully established. Zhongliang Property Management Companies have been providing these management services to our property projects since 2017 and will continue to do so after Listing. Details of the continuing connected transactions between the Zhongliang Property Management Companies and our Group are set out in the section headed “Connected Transactions” of this prospectus.

(b) *Property and car park leasing services*

Mr. Yang holds a PRC entity namely Suzhou Huacheng (together with its subsidiaries, the “**Suzhou Huacheng Group**”), which is primarily engaged in property and car park leasing business. Such leasing business primarily involves leasing insignificant amount of unsold properties and car park spaces left over from the property projects of which the deliveries had already been completed prior to the beginning of the Track Record Period and excluded from our Group during the Reorganization, to commercial and/or residential users. The leasing business will be terminated once the unsold properties and car park spaces are sold.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

(c) *Design and decoration service for our self-developed projects and individual property owners*

Mr. Yang holds a PRC entity namely Shanghai Zhongliang Quanzhu Residential Technology Co., Ltd. (上海中梁全築住宅科技有限公司), which is primarily engaged in the provision of design and decoration services. Shanghai Zhongliang Quanzhu Residential Technology Co., Ltd. provides, among others, (i) design and decoration services including, among others, labor and materials, quality assurance and completion inspection; (ii) decoration service to display units; and (iii) design and decoration services for individual property owners. Shanghai Zhongliang Quanzhu Residential Technology Co., Ltd. has been providing design and decoration services to our property projects and individual property owners since December 2017, and will continue to do so after Listing. As Mr. Yang controls less than 30% of the voting power at the general meeting of Shanghai Zhongliang Quanzhu Residential Technology Co., Ltd., it is not a connected person and the transaction with Shanghai Zhongliang Quanzhu Residential Technology Co., Ltd. will not constitute connected transactions.

It is our Group's strategy to focus on property development. The Non-Core Business held by Mr. Yang are separate and distinct from our Group's business. In order to focus our resources on project development and to streamline our business, we decided not to inject the Non-Core Business into our Group. We are of the view that such businesses have not given and are unlikely to give rise to any direct or indirect competition with the business of our Group.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, none of our Controlling Shareholders or our Directors was engaged or had interest in any business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from the Controlling Shareholders and its respective associates after the Global Offering.

Management Independence

The Board comprises four executive Directors and three independent non-executive Directors. Our management and operational decisions are made by our executive Directors and senior management, most of whom have served our Group for a long time and have substantial experience in the industry in which we are engaged. Please see the section "Directors, Senior Management and Employees" for further details.

As of the Latest Practicable Date, Mr. Yang, one of our executive Directors, acted as legal representative and chairman of Suzhou Huacheng. Mr. Yang held no substantive roles and in case of conflict of interest between our Group and Suzhou Huacheng, Mr. Yang will exercise his duties in accordance with relevant constitution documents and applicable laws and regulations.

Save as disclosed above, none of our executive Directors and senior management holds any directorship or senior management position in our Controlling Shareholders or their close associates and they are our full-time employees.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Each of our Directors is aware of his fiduciary duties as a director which require, among others, that he must act for the benefit and in the best interests of our Company and not allow any conflict between his duties as a Director and his personal interests. Our Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest and shall not be counted in the quorum present at the particular Board meeting.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

Although the Controlling Shareholders will retain a controlling interest in our Company after the Listing, we have full rights to make all decisions regarding, and to carry out, our own business operations independently from our Controlling Shareholders. Our Company (through our subsidiaries) holds or enjoys the benefit of all relevant licenses necessary to carry out our businesses, and has sufficient capital, equipment and employees to operate our business independently from the Controlling Shareholders.

We have established our own organizational structure with independent departments, each with specific areas of responsibility. We maintain a set of comprehensive internal control procedures to facilitate the effective operations of our business. Our operational functions are run independently of the Controlling Shareholders and their respective close associates.

We have our own employee headcount for our operations and our own management of human resources, cash and accounting, invoicing and billing. As of the Latest Practicable Date, substantially all of our full-time employees were recruited independently and primarily through recruitment websites, on-campus recruitment programs, recruiting firms and internal referrals.

In addition, save for the continuing connected transactions set out in the section headed “Connected Transactions,” which will continue following the completion of the Global Offering, our Directors do not expect that there will be any other transactions between our Company and our Controlling Shareholders or their respective close associates upon completion of the Global Offering. The continuing connected transactions between Shanghai Zhongliang Property and our Group involve only the provision of sales management services and pre-delivery property management services to our property projects. It is expected that in the event that Shanghai Zhongliang Property does not provide such services to our Group or we cease to engage Shanghai Zhongliang Property as the services provider, there will be other comparable services providers readily available in the market for the provision of such services to our Group. In addition, none of our Controlling Shareholders and Directors or their respective close associates has been our major supplier or customer which provides any critical services or materials for our operation. Thus, the existence of the above continuing connected transactions will not affect our operational independence from our Controlling Shareholders and their respective close associates after Listing.

Based on the above, our Directors are satisfied that we have been operating independently from the Controlling Shareholders during the Track Record Period and will continue to operate independently.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Financial Independence

During the Track Record Period and up to the Latest Practicable Date, our Group has our own internal control, accounting and financial management system, accounting and finance department independent treasury functions for cash receipts and payment and we make financial decisions according to our own business needs.

In addition, we have independent access to third party financing and our Group does not rely on the Controlling Shareholders and/or their associates by virtue of their provision of financial assistance. As of the Latest Practicable Date, all loans, advances and balances due to the Controlling Shareholders have been fully repaid. Our Directors believe that we are capable of obtaining financing from external sources without reliance on the Controlling Shareholders.

Based on the above, our Directors believe that we have the ability to operate independently of the Controlling Shareholders and its respective associates from a financial perspective and are able to maintain financial independence from the Controlling Shareholders and its respective associates.

DEED OF NON-COMPETITION

To ensure that competition does not develop between us and other business activities and/or interests of our Controlling Shareholders, our Controlling Shareholders have entered into the Deed of Non-competition dated June 24, 2019 in favor of our Company (for itself and as trustee for its subsidiaries) pursuant to which each of our Controlling Shareholders has jointly and severally, unconditionally and irrevocably undertaken that he/she/it will not (except through our Group and any investment or interests held through our Group), and will procure his/her/its close associates (except members of our Group) not to, directly or indirectly, whether as principal or agent, either on his/her/its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which competes or is likely to compete, directly or indirectly, with the businesses of any member of our Group from time to time, including certain property development and leasing business in the PRC (the “**Restricted Business**”) from time to time during the effective period of the Deed of Non-competition.

Each of the Controlling Shareholders has also jointly and severally, unconditionally and irrevocably undertaken to our Company that during the effective period of the Deed of Non-competition, if there is any new business opportunities in the Restricted Business, he/she/it shall within a reasonable period of time refer such new business opportunities to our Company on a pre-emptive basis in accordance with the Deed of Non-competition and subject to relevant laws, requirements or contractual arrangements with third parties. Each of the Controlling Shareholders shall not carry on, invest, participate, be engaged in and/or operate in such business opportunities (whether individually or jointly with another person and whether directly or indirectly or on behalf of or to assist any other person) unless our Company has declined in writing or failed to respond within thirty (30) days after being notified of such opportunities and the decision of whether or not to take up the new business opportunity in Restricted Business will be made by the committee of the Board comprising exclusively independent non-executive Directors who do not have a material interest in the matter of consideration by majority vote.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

In addition, each of the Controlling Shareholders has also undertaken to our Company that at any time during the effective period of the Deed of Non-competition, each of the Controlling Shareholders shall not dispose of any interest he/she/it holds in the Restricted Business without first offering us the right to acquire such business or interest, subject to the pre-emptive rights under relevant laws of any other existing shareholders of the relevant company that is engaged in the Restricted Business.

Each of the Controlling Shareholders shall also procure its close associates (except members of our Group) to comply with the above undertakings to ensure that the option is first granted to us.

The above undertaking shall not apply where:

- the Controlling Shareholder holds any equity interests in any company other than members of our Group, and the conditions below must also be satisfied:
 - according to the latest audited accounts of the relevant company, the Restricted Business in which such company is engaged (and its related assets) accounts for less than 10% of the combined sales or combined assets of such company; or
 - the total number of shares held by the Controlling Shareholders and/or their respective close associates (except members of our Group) accounts for no more than 10% of the shares of the same class issued by the relevant company that is engaged in the Restricted Business, and the Controlling Shareholders and/or their respective close associates (except members of our Group) have no right to appoint most of the directors of such company.

Pursuant to the Deed of Non-competition, the above restrictions would only cease to have effect upon the earlier of the date that: (i) our Shares being cancelled or ceased to be listed on the Stock Exchange; or (ii) so far as a Controlling Shareholder is concerned, he/she/it no longer being recognized as a controlling shareholder under any applicable rules and regulations.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there will be adequate corporate governance measures in place to manage conflicts of interest after Listing. In particular, we will implement the following measures:

- (a) the independent non-executive Directors will review, at least on an annual basis, the compliance by our Controlling Shareholders with the Deed of Non-competition, the compliance and enforcement of which will be disclosed in the annual reports of the Company;
- (b) 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 associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (c) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and abstain from voting at the board meetings on matters in which such Director or his associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (d) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three 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 “Directors, Senior Management and Employees —Directors — Independent Non-executive Directors;” or
- (e) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and the Controlling Shareholders and/or the Directors on the other hand, the Controlling Shareholders and/or the Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through its annual report or by way of announcements; and
- (f) we have appointed Guotai Junan Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance.

Furthermore, any transaction that is proposed between our Company and the Controlling Shareholders and their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent Shareholders’ approval requirements.

CONNECTED TRANSACTIONS

OVERVIEW

We have entered into a number of continuing transactions with our connected persons in our ordinary and usual course of business. The transactions disclosed under this section will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon Listing.

CONNECTED PERSONS

Pursuant to Chapter 14A of the Listing Rules, our Directors, substantial shareholders and chief executive officer or those of our subsidiaries (other than the directors, substantial shareholders and chief executive of our insignificant subsidiaries), any person who was our Director or a director of our subsidiaries within 12 months preceding the Listing Date and any of their respective associates are connected persons of our Company upon Listing.

The following persons will be our connected persons upon Listing:

- Mr. Yang, an executive Director and a substantial Shareholder, hence our connected person;
- Shanghai Zhongliang Property, a limited company established in the PRC, with Mr. Yang indirectly controlling the exercise of 30% or more of the voting power at the general meetings, hence an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Yang and our connected person; and
- each entity being a subsidiary or associate of Shanghai Zhongliang Property (as defined under Chapter 14A of the Listing Rules) (the “**Shanghai Zhongliang Property Group**”), hence our connected persons.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below the details of the continuing connected transactions which are exempt from the independent shareholders’ approval requirement but subject to the reporting, annual review and announcement requirements under Rule 14A.76(2) of the Listing Rules.

1. Sales Management Services Framework Agreement

Principle terms

We, as service recipients, entered into a sales management services framework agreement with Shanghai Zhongliang Property Group, pursuant to which Shanghai Zhongliang Property Group agreed to provide sales management services including but not limited to crowd-controlling, cleaning, car-parking, security and utilities services in showrooms, display units and sales offices (the “**Sales Management Services**”). The term of the framework agreement is from January 1, 2019 to December 31, 2021.

CONNECTED TRANSACTIONS

Reasons for and benefits of the transaction

Real estate developers usually enter into sales management services agreements for the purpose of ensuring the provision of management services in showrooms, display units and sales offices in order to control the foot traffic in these areas.

Taking into account various factors such as qualification of the service provider, quotation of management fees and service quality, we have engaged Shanghai Zhongliang Property Group for the provision of Sales Management Services for most of our property projects, by way of quotation and comparison of prices during the Track Record Period. As of the Latest Practicable Date, our Directors expect that we will continue to adopt the same approach for the engagement of Sales Management Services providers after Listing.

Notwithstanding the above, in light of the number of other independent Sales Management Services providers that had been participated in our previous projects, it is expected that in the event that Shanghai Zhongliang Property Group ceases to provide such Sales Management Services to us, there will also be other comparable providers readily available in the market for the provision of Sales Management Services to our Group. As such, our Directors (including the independent non-executive Directors) are of the view that there will be no negative impact from the perspective of our operational independence from the Controlling Shareholders in case if Shanghai Zhongliang Property Group ceases to provide Sales Management Services to our Group. For more details, please see “Relationship with Controlling Shareholders — Independence from our Controlling Shareholders — Operational Independence.”

Pricing terms under the Sales Management Services Framework Agreement

The Sales Management Services fees to be charged by Shanghai Zhongliang Property Group will take into account a wide range of factors such as the scope of services to be provided, the size of the team required and the period to be covered.

The marketing department and the cost department of our Company will endeavor to seek quotations from at least two independent Sales Management Services providers with the qualification to offer Sales Management Services in that city who offer the same or comparable services, and will only engage Shanghai Zhongliang Property Group as the service provider if the price and quality of the Sales Management Services are comparable to or more favorable to our Group than those offered by the independent providers. The Company shall ensure that no preferential treatment will be provided to Shanghai Zhongliang Property Group in terms of the selection of Sales Management Services provider.

Our Directors are of the view that the transactions will be conducted in the ordinary and usual course of business, on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONNECTED TRANSACTIONS

Historical transaction amounts

The following table sets out the total fees paid by us to Shanghai Zhongliang Property Group in relation to the provision of Sales Management Services to our Group during the Track Record Period:

| Historical Transaction Amount (RMB'000) | | |
|--|-----------------------|------------------------|
| Year ended December 31, | | |
| 2016 | 2017 | 2018 |
| N/A ⁽¹⁾ | 33,024 ⁽²⁾ | 130,693 ⁽²⁾ |

Notes:

- (1) Each entity under Shanghai Zhongliang Property Group was incorporated in late 2016 and Shanghai Zhongliang Property Group only started to provide Sales Management Services to our Group since March 2017.
- (2) Shanghai Zhongliang Property Group, as subsidiaries of our Group prior to March 2018, provided Sales Management Services to our Group and such sales management fees were eliminated in the consolidated statements of profit or loss and other comprehensive income. From April 2018 onwards, following the Reorganization, Shanghai Zhongliang Property Group are no longer subsidiaries of our Group and such sales management fees paid by us were recorded as selling and distribution expenses in the consolidated statement of profit or loss and other comprehensive income.

The increase in the historical amounts from 2017 to 2018 was primarily due to the significant increase in the number of property projects under development and the commencement of new property sales of our Group, which resulted in an increase in demand for Sales Management Services at exhibition halls, display units and sales offices of our property projects. The number of property projects for which we engaged Shanghai Zhongliang Property Group for Sales Management Services was 71 in 2017 and 136 in 2018.

Annual caps

The following table sets out the estimated maximum aggregate Sales Management Services fees to be paid by us in relation to the provision of Sales Management Services by Shanghai Zhongliang Property Group for each of the three years ending December 31, 2021:

| Annual Cap for the Year Ending December 31, | | |
|--|-------------|-------------|
| 2019 | 2020 | 2021 |
| (RMB '000) | | |
| 259,609 | 367,350 | 401,564 |

In arriving at the above annual caps, we have taken into account the estimated total amounts of Sales Management Services fees payable by our Group in relation to the projected new property projects that we may engage Shanghai Zhongliang Property Group for Sales Management Services for the three years ending December 31, 2021. The annual caps are determined with reference to the estimated number of property projects and the average property fees of each of our property projects. The projected increase in demand for Sales Management Services to display units and sales offices as a result of our expected growth in the number of our

CONNECTED TRANSACTIONS

property projects and on the assumption that the labor costs in the PRC will increase steadily in the next three years. The relevant significant increases in the proposed annual caps as compared to the historical transaction amounts during the Track Record Period are primarily due to the continued growth of the number of new property projects in the coming three years, which will result in the significant increase in display units and sales offices Sales Management Services fees. We expect the number of property projects for which we may engage Shanghai Zhongliang Property Group for the Sales Management Services will be approximately 147 in 2019, 208 in 2020 and 227 in 2021, representing an increase by approximately 99% from 2018 to 2019, approximately 41% from 2019 to 2020 and approximately 9% from 2020 to 2021, which is in line with the rate of increase in the proposed annual caps.

Implication under the Listing Rules

As the Directors currently expect one or more of the applicable percentage ratios (other than the profits ratio) of the proposed annual caps in respect of the services under the sales management services framework agreement to exceed 0.1%, but below 5% on an annual basis, the services under the sales management services framework agreement and the proposed annual caps for each of the three years ending December 31, 2021 are subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval requirement.

2. Pre-Delivery Property Management Services Framework Agreement

Principal terms

We, as service recipients, entered into a pre-delivery property management services framework agreement with Shanghai Zhongliang Property Group, pursuant to which Shanghai Zhongliang Property Group agreed to provide pre-delivery property management services including but not limited to security, repair, maintenance and operation of common area and shared facilities (the “**Pre-Delivery Property Management Services**”). The term of the pre-delivery property management services framework agreement is from January 1, 2019 to December 31, 2021.

Reasons for and benefits of the transaction

Upon completion of relevant property projects, a real estate developer usually seeks to engage a property management company by entering into pre-delivery property management services agreements for the purpose of ensuring the availability of property management services before the property owners' association could be lawfully established and contract with the property management company directly.

Taking into account various factors such as qualification of the service provider, quotation of management fees and service quality, we have engaged Shanghai Zhongliang Property Group for the provision of Pre-Delivery Property Management Services for most of our property projects, by way of tender in accordance with the relevant pre-delivery property management laws and regulations as of the Latest Practicable Date. As of the Latest Practicable Date, our Directors expect that we will continue to adopt the same approach for the engagement of Pre-Delivery Property Management Services providers after Listing.

CONNECTED TRANSACTIONS

Notwithstanding the above, in light of the number of other independent Pre-Delivery Property Management Services providers readily available in the market, it is expected that in the event that Shanghai Zhongliang Property Group ceases to provide such Pre-Delivery Property Management Services to us, we are able to engage other comparable Pre-Delivery Property Management Services providers for the provision of such services to our Group. As such, our Directors (including the independent non-executive Directors) are of the view that there will be no negative impact from the perspective of our operational independence from the Controlling Shareholders in case if Shanghai Zhongliang Property Group ceases to provide Pre-Delivery Property Management Services to our Group. For more details, please see “Relationship with Controlling Shareholders — Independence from our Controlling Shareholders — Operational Independence.”

Pricing terms under the Pre-Delivery Property Management Services Framework Agreement

The Pre-Delivery Property Management Service fees payable to Shanghai Zhongliang Property Group by our Group pursuant to the pre-delivery property management framework agreement comprises the aggregate of i) property management service fees, ii) utilities fee in public areas, and iii) temporary car-parking fees and parking space rental fees.

i) Property Management Service Fees

Property management service fees are determined based on a fixed rate, to be charged on the properties per square meter per month, irrespective of the actual expenses incurred by Shanghai Zhongliang Property Group in the provision of management services. The rate charged for the property management services fees, are determined based on a variety of factors such as project type, government-guidance prices published by NDRC, MOHURD of PRC and other relevant government authorities from time to time, neighborhood profile, the standard of living in the city in which the project is situated, the size of the project and expenses expected to be incurred on labor.

ii) Utilities Fee in Public Areas

Utilities expenses in public areas, such as electricity used for street lamps and corridor lighting and water used in sprinkling systems, will be charged based on the actual expenses incurred, subject to any regulations of the local government authorities.

iii) Temporary Car-Parking Fees and Parking Space Rental Fees

Temporary car-parking fees and parking space rental fees are subject to prevailing market price and government prescribed price in the relevant districts.

Tender process and selection mechanism

We engage Pre-Delivery Property Management Service providers through inviting public tenders in accordance with the relevant pre-delivery property management laws and regulations. A tender review team,

CONNECTED TRANSACTIONS

which is selected by an expert panel of the relevant government authority, is responsible for conducting survey on services provided by the bidders and reviewing the terms of the tender documents. The tender review team scores each potential service provider by assessing various criteria, such as its qualifications, proposed property management fees, quality of services and the needs of the respective property projects. The application of a potential bidder is only approved if it has a competitive advantage over other service providers.

By way of tender, the average ratio of our Group's Pre-Delivery Property Management Service engagements awarded to Shanghai Zhongliang Property Group was approximately 91% during the Track Record Period. Based on the established cooperation relationship between Shanghai Zhongliang Property Group and our Group up to the Latest Practicable Date, Shanghai Zhongliang Property Group has a track record of providing reliable, efficient and satisfactory Pre-Delivery Property Management Services to us. As compared to other services providers who are independent third parties, it generally maintains better and more efficient communication with our Group and more thorough understanding of the conditions of our residential property projects and our requirements of services needed.

Our Directors are of the view that the transactions will be conducted in the ordinary and usual course of business, on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Historical transaction amounts

Shanghai Zhongliang Property Group started to provide the Pre-Delivery Property Management Services to our Group in December 2018. For the year ended December 31, 2018, the total GFA of the property projects for which we engaged Shanghai Zhongliang Property Group for the Pre-Delivery Property Management Services was approximately 9,250 sq.m. and the Pre-Delivery Property Management Services fees incurred amounted to RMB193,037.

Annual caps

The following table sets out the estimated maximum aggregate Pre-Delivery Property Management Services fees to be paid by us in relation to the provision of Pre-Delivery Property Management Services by Shanghai Zhongliang Property Group for each of the three years ending December 31, 2021:

| Annual Cap for the Year Ending December 31, | | |
|---|------------|---------|
| 2019 | 2020 | 2021 |
| | (RMB '000) | |
| 37,764 | 257,955 | 808,233 |

In arriving at the above annual caps, we have taken into account the estimated total amounts of Pre-Delivery Property Management Services fees payable by our Group in relation to (i) approximately 170 property projects that are under development and which we had engaged Shanghai Zhongliang Property Group as Pre-Delivery Property Management Services provider as at the Latest Practicable Date and (ii) the projected new

CONNECTED TRANSACTIONS

property projects that we may engage Shanghai Zhongliang Property Group for Pre-Delivery Property Management Services for the three years ending December 31, 2021. The annual caps are determined with reference to the GFA and average property fees of the relevant property projects, the subsequent projected increase in demand for Pre-Delivery Property Management Services as a result of our expected growth in the number of our property projects and on the assumptions that the labor costs in the PRC will increase steadily in the next three years and the estimated successful rate of securing the tenders of Pre-Delivery Property Management Services. The relevant significant increases in the proposed annual caps are primarily due to (i) the continued growth of the number and the GFA of new property projects in the coming three years, (ii) the cumulative amount of Pre-Delivery Property Management Services fee along with the increase in the number and the GFA of completed property projects, and (iii) the concentrated growth of the number and the GFA of pre-delivery projects in 2021, which will result in the significant increase in Pre-Delivery Property Management Service fees. Based on the (i) the estimation of our planned development and delivery schedule of the property projects and (ii) the land parcels estimated to be acquired in the year ending December 31, 2019, we expect the number of property projects to be delivered will be around 13 in 2019, around 82 in 2020 and around 205 in 2021, for which we had engaged Shanghai Zhongliang Property Group as the Pre-Delivery Property Management Services provider. We also expect the accumulated estimated GFA of the property projects for which we may engage Shanghai Zhongliang Property Group for the Pre-Delivery Property Management Services will be approximately 1.8 million sq.m. in 2019, 12.4 million sq.m. in 2020 and 38.7 million sq.m. in 2021, representing an increase by approximately 19,463% from 2018 to 2019, approximately 583% from 2019 to 2020 and approximately 213% from 2020 to 2021, which is in line with the rate of increase in the proposed annual caps.

Implication under the Listing Rules

As the Directors currently expect one or more of the applicable percentage ratios (other than the profits ratio) of the proposed annual caps in respect of the services under the pre-delivery property management services framework agreement to exceed 0.1%, but below 5% on an annual basis, the services under the pre-delivery property management services framework agreements and the proposed annual caps for each of the three years ending December 31, 2021 are subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval requirement.

OUR DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions described above have been and shall be entered into in the ordinary and usual course of business of the Company, are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole. Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps for the non-exempt continuing connected transactions described above are fair and reasonable and in the interests of the Shareholders as a whole.

The conflicted Director Mr. Yang shall be required to abstain from participation and abstain from voting in the Board meetings at which resolutions in relation to the above continuing connected transactions are discussed.

CONNECTED TRANSACTIONS

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor is of the view that the non-exempt continuing connected transactions described above, have been and shall be entered into in the ordinary and usual course of business of the Company, are on normal commercial terms, are fair and reasonable and in the interests of the Shareholders as a whole, and that the proposed annual caps (where applicable) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

APPLICATION FOR WAIVER FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

In respect of the transactions described in “— Non-exempt Continuing Connected Transactions” above, as one or more applicable percentage ratios (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules are, on an annual basis, expected to be more than 0.1%, but less than 5%, such transactions are exempt from the circular and independent shareholders’ approval requirement but subject to the annual reporting and announcement requirements as set out in Rules 14A.49 and 14A.35 of the Listing Rules and the annual review requirements as set out in Rules 14A.55 to 14A.59 and 14A.71(6) of the Listing Rules.

As described above, we expect these non-exempt continuing connected transactions to be carried out on an continuing basis and to extend over a period of time. Our Directors therefore consider that strict compliance with the announcement requirements under the Listing Rules would be impractical and unduly burdensome and would impose unnecessary administrative costs upon us.

Accordingly, we have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the announcement requirements relating to continuing connected transactions under Rule 14A.35 of the Listing Rules in respect of the transactions described in “— Non-exempt Continuing Connected Transactions” above.

We will, however, comply at all times with the applicable provisions under Rules 14A.34, 14A.49, 14A.51 to 14A.59 and 14A.71 of the Listing Rules in respect of these non-exempt continuing connected transactions.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those as of the date of this prospectus on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized share capital of our Company as of the Latest Practicable Date and immediately following the completion of the Global Offering:

Authorized share capital

| | Shares | Total nominal value HK\$ |
|---|----------------|-----------------------------|
| As of the Latest Practicable Date | 38,000,000 | 380,000 |
| Immediately following the completion of the Global Offering | 20,000,000,000 | 200,000,000 |

The following is a description of the issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Capitalization Issue and the Global Offering:

Issued share capital

| Shares | Description of Shares | Total nominal value HK\$ | Approximate percentage of issued share capital % |
|----------------------|--|-----------------------------|--|
| 9,694,675 | Shares in issue as of the date of this prospectus | 96,946.75 | 0.28 |
| 2,990,305,325 | Shares to be issued pursuant to the Capitalization Issue | 29,903,053.25 | 84.71 |
| 530,000,000 | Shares to be issued pursuant to the Global Offering | 5,300,000.00 | 15.01 |
| 3,530,000,000 | Total | 35,300,000.00 | 100.00 |

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Capitalization Issue and the Global Offering. The above does not take into account any shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

SHARE CAPITAL

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS AND CLASS MEETINGS ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares.

Pursuant to the Cayman Companies Law and the terms of our Memorandum and Articles of Association, our Company may from time to time by ordinary shareholders' resolution (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may reduce or redeem its share capital by shareholders' special resolution. For more details, please see "Summary of the Constitution of our Company and Cayman Companies Law — 2. Articles of Association — (iii) Alteration of capital" in Appendix IV.

Pursuant to the Cayman Companies Law and the terms of our Memorandum and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares 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. For more details, please see "Summary of the Constitution of our Company and Cayman Companies Law — 2. Articles of Association — (ii) Variation of rights of existing shares or classes of shares" in Appendix IV.

GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

Subject to the conditions stated in "Structure of the Global Offering — Conditions of the Global Offering," our Directors have been granted general unconditional mandates to issue and repurchase our Shares.

For further details of these general mandate, please see the section headed "Statutory and General Information — A in this prospectus. Further Information About the Group — 3. Resolutions in Writing of the Shareholders of Our Company Passed on June 19, 2019" in Appendix V to this prospectus.

SHARE INCENTIVE SCHEME

We have conditionally adopted the Post-IPO Share Option Scheme. The principle terms of the Post-IPO Share Option Scheme are summarized in the section headed "Statutory and General Information — D. Share Incentive Scheme — Post-IPO Share Option Scheme" in Appendix V to this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Capitalization Issue and the Global Offering and assuming that the Over-allotment Option is not exercised, the following persons will have an interest or a short position in Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

| <u>Name of Shareholders</u> | <u>Nature of interest</u> | <u>As at the date of this prospectus</u> | | <u>Immediately after the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised)⁽¹⁾</u> | |
|-----------------------------|------------------------------------|--|---|---|---|
| | | <u>Number of Shares held⁽²⁾</u> | <u>Approximate percentage of shareholding in the total share capital of our Company</u> | <u>Number of Shares held</u> | <u>Approximate percentage of shareholding in the total share capital of our Company</u> |
| Liangzhong ⁽³⁾ | Interest in controlled corporation | 9,120,000 | 94.07% | 2,822,167,839 | 79.95% |
| Liangyi ⁽³⁾ | Interest in controlled corporation | 288,000 | 2.97% | 89,121,090 | 2.53% |
| Liangtai ⁽⁴⁾ | Interest in controlled corporation | 192,000 | 1.98% | 59,414,060 | 1.68% |
| Mr. Yang ⁽³⁾ | Beneficial Interest | 9,600,000 | 99.02% | 2,970,702,989 | 84.16% |
| Ms. Xu ⁽⁴⁾ | Interest of spouse | | | | |
| | Interest in controlled corporation | 9,600,000 | 99.02% | 2,970,702,989 | 84.16% |
| | Interest of spouse | | | | |

Notes:

- (1) *The calculation is based on the total number of 3,530,000,000 Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised).*
- (2) *All interests stated are long positions.*
- (3) *Mr. Yang is the sole beneficial owner of Liangzhong and Liangyi. By virtue of the SFO, Mr. Yang, as the spouse of Ms. Xu, is deemed to be interested in the same number of Shares in which Ms. Xu is interested.*
- (4) *Ms. Xu is the sole beneficial owner of Liangtai. By virtue of the SFO, Ms. Xu, as the spouse of Mr. Yang, is deemed to be interested in the same number of Shares in which Mr. Yang is interested.*

Save as disclosed above and in the section headed “Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests” in Appendix V to this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Global Offering and assuming that the Over-allotment Option is not exercised and

SUBSTANTIAL SHAREHOLDERS

without taking into account any Shares which may be issued upon the exercise of the options which may be granted under the Post-IPO Share Option Scheme, have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

GENERAL

The following table sets out certain information in respect of our Directors and senior management:

| Name | Age | Position(s) | Date of appointment as Director | Date of joining our Group | Roles and Responsibilities in our Group | Relationship with other Directors or senior management |
|--------------------------------|-----|--|---------------------------------|---------------------------|--|--|
| <i>Directors</i> | | | | | | |
| YANG Jian (楊劍) | 47 | Executive Director and chairman of our Board | March 29, 2018 | August 1, 1993 | Overseeing the overall management and business operation, coordinating board affairs, formulating strategies and operational plans, and making major business decisions of our Group | Brother-in-law of Mr. Xu Liangqiong |
| HUANG Chunlei (黃春雷) . . . | 46 | Executive Director and chief executive officer | March 29, 2018 | October 1, 2002 | Formulating and supervising operational strategies and plans, undertaking business objectives set by the Board, and managing daily operations of our Group | N/A |
| XU Liangqiong (徐亮瓊) . . . | 45 | Executive Director and senior vice president | March 29, 2018 | January 1, 1999 | Overseeing investment-related matters of our Group | Brother-in-law of Mr. Yang |
| LING Xinyu (凌新宇) . . . | 38 | Executive Director and financial controller | June 28, 2018 | November 15, 2010 | Managing the overall financial operation of our Group | N/A |
| WANG Kaiguo (王開國) . . . | 60 | Independent non-executive Director | June 19, 2019 | June 19, 2019 | Providing independent judgment and advice to our Board | N/A |
| WU Xiaobo (吳曉波) . . . | 59 | Independent non-executive Director | June 19, 2019 | June 19, 2019 | Providing independent judgment and advice to our Board | N/A |
| AU YEUNG Po Fung (歐陽寶豐) . . | 51 | Independent non-executive Director | June 19, 2019 | June 19, 2019 | Providing independent judgment and advice to our Board | N/A |

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

| Name | Age | Position(s) | Date of appointment as senior management | Date of joining our Group | Roles and Responsibilities in our Group | Relationship with other Directors or senior management |
|-----------------------------------|-----|----------------|--|---------------------------|---|--|
| <i>Senior Management</i> | | | | | | |
| CHEN Hongliang (陳紅亮) | 37 | Vice president | August 9, 2018 | October 20, 2008 | Managing mechanism accounting center, human resources center, legal affairs center, Zhongliang Institute and president's office | N/A |
| LI Heli (李和栗) | 31 | Vice president | August 9, 2018 | March 1, 2015 | Managing investment development center, city and industry center and merger and restructuring centers | N/A |

DIRECTORS

The Board currently consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. The functions and duties of the Board include convening shareholders' meetings, reporting on the Board's work at these meetings, implementing the resolutions passed on these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association, and all applicable laws and regulations, including the Listing Rules.

Executive Directors

Mr. YANG Jian (楊劍), aged 47, is an executive Director and the chairman of our Board. He is the founder of our Group. Mr. Yang has more than 25 years of experience in the PRC real estate industry. In August 1993, he joined Wenzhou Xinhua Real Estate Development Company (溫州市欣華房地產開發公司), the predecessor of Zhejiang Tianjian which engaged in property development in the PRC. Mr. Yang was at first the deputy general manager and was responsible for sales and marketing. In April 1996, he was promoted to the positions of director and general manager and was responsible for day-to-day management of Zhejiang Tianjian. Subsequently in November 1997, Mr. Yang became the legal representative and chairman of Zhejiang Tianjian. From August 2000 to June 2018, he had been the majority shareholder and controller of Zhejiang Tianjian who was in charge of its overall management and business operation. With Mr. Yang's extensive experience in the real estate industry, he is principally responsible for the overall management and business operation of our Group, including coordinating board affairs, formulating strategies and operational plans, and making major business decisions.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Since the establishment of our PRC principal operating subsidiary Shanghai Zhongliang Real Estate in 2009, Mr. Yang has been the chairman of the board at Shanghai Zhongliang Real Estate, and has been in charge of coordinating board affairs, overseeing the company's development strategies and managing its daily operations. Mr. Yang has also taken various roles at Shanghai Zhongliang Enterprise Development since its establishment in August 2016, including executive director, chairman of the board and managing director.

Since October 2016, Mr. Yang has been the executive vice president of The Zhejiang Chamber of Commerce, Shanghai (上海市浙江商會). In November 2009, he was named as the honorary president of Sanyang Street Branch of Wenzhou City Ouhai District Charity Federation (溫州市甌海區慈善總會三垟街道慈善分會). Mr. Yang was also appointed as the vice chairman and vice president of Wenzhou City Ouhai District Industry and Commerce Association (General Chamber of Commerce) (溫州市甌海區工商業聯合會(總商會)) in October 2011. In April 2018, he was named as vice president of Shanghai Enterprise Confederation (上海市企業聯合會).

Due to his great achievements and contributions to the economic and social development of Wenzhou City, Mr. Yang has been granted a number of awards. In December 2016, Mr. Yang was granted the Construction of Hometown Award (回鄉建設獎) and the title of Outstanding President (優秀會長) by Wenzhou Chamber of Commerce in Suzhou City (蘇州市溫州商會). He was also conferred the Wenzhou Merchant with Meritorious Services (溫商回歸功勳人物) by the People's Government of Ouhai District of Wenzhou City (溫州市甌海區人民政府) in August 2016 and by the People's Government of Wenzhou City (溫州市人民政府) in February 2016.

Mr. Yang received the Executive Education Program Certificate from Cheung Kong Graduate School of Business (長江商學院), the PRC, in May 2016 after completing a course in investment and financing in capital market. He previously obtained a diploma in auto repair from Zhejiang Metallurgical Machinery Technical School (浙江冶金機械技工學校) (currently known as Zhejiang Industry & Trade Vocational College (浙江工貿職業技術學院)) in Zhejiang Province, the PRC, in July 1990. In October 1999, Mr. Yang was qualified as assistant engineer by Wenzhou City Longwan District Architectural Engineering Technical Qualification Review Committee (溫州市龍灣區建築工程技術職務評審委員會). Mr. Yang is the brother-in-law of Mr. Xu Liangqiong, one of our executive Directors.

Mr. HUANG Chunlei (黃春雷), aged 46, is an executive Director and the chief executive officer of our Company. Mr. Huang is primarily responsible for formulating and supervising operational strategies and plans, undertaking business objectives set by the Board, and managing daily operations of our Group. He is also in charge of the overall business and management of our subsidiaries. Mr. Huang is currently a non-executive director of two of our subsidiaries, namely Ruian Zhongliangwang Property Co., Ltd. (瑞安市中梁望置業有限公司) and Jinhua Ruihe Commerce Co., Ltd. (金華市瑞禾貿易有限公司). He has also been the rotating president of Shanghai Zhongliang Real Estate since January 2018, and a director of Shanghai Zhongliang Enterprise Development since August 2018.

Mr. Huang has over 16 years of experience in real estate development. From July 2009 to January 2018, he worked at Shanghai Zhongliang Real Estate and held various positions, including vice president, senior vice president of investment, operation, merger and acquisition and reorganization, and general manager of investment development center. Prior to that, he was the deputy general manager at Suzhou Huacheng from December 2002 to July 2009.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Huang received a bachelor's degree in economics from Hangzhou University (杭州大學) (now merged into Zhejiang University (浙江大學)) in Zhejiang Province, the PRC, in July 1994.

Mr. XU Liangqiong (徐亮瓊), aged 45, is an executive Director and senior vice president of our Company. He is primarily responsible for overseeing investment-related matters of our Group. Mr. Xu currently holds several positions in our principal subsidiaries, being a senior vice president at Shanghai Zhongliang Real Estate since October 2017, a director of Shanghai Zhongliang Enterprise Development since August 2018, and a non-executive director at each of Wenzhou Liang'an Property Co., Ltd. (溫州市梁安置業有限公司) since August 2015 and Jinhua Zhonglianghao Property Co., Ltd. (金華市中梁豪置業有限公司) since May 2016.

Mr. Xu has over 20 years of experience in the real estate industry. From July 2009 to September 2017, he served at Shanghai Zhongliang Real Estate and held various positions, including the officer-in-charge of audit, person-in-charge of the office of the board and vice president of product development center, operations and internal control center and project management center. From January 1999 to July 2009, he served as the general manager of operation of Zhejiang Tianjian.

Currently, Mr. Xu studies at Xi'an Jiaotong University (西安交通大學), the PRC, for an executive master of business administration (EMBA) degree. He completed an advanced seminar course in real estate enterprise for general manager at Zhejiang University (浙江大學), the PRC, in January 2016. In December 2017, he received The Sixth Shanghai Ten Outstanding Youth Businessmen Award (第六屆上海十大傑出青商), jointly granted by Youth Newspaper of The Shanghai Federation of Economic Organization (上海經濟團體聯合會青年報社) and Shanghai Caohejing Hi-tech Park Development Corporation (上海市漕河涇新興技術開發區發展總公司). Since March 2018, Mr. Xu has been serving as the executive vice president of The Jiangsu Chamber of Commerce in Shanghai (上海市江蘇商會). Mr. Xu is the brother-in-law of Mr. Yang, one of our executive Directors and the chairman of our Board.

Mr. LING Xinyu (凌新宇), aged 38, is an executive Director and the financial controller of our Company, and he is principally responsible for managing the overall financial operation of our Group. He has over 10 years of experience in accounting and financial management. Since April 2018, Mr. Ling has been our financial officer-in-charge. From July 2017 to April 2018, he has been the officer-in-charge of our capital operations center at Shanghai Zhongliang Real Estate. Mr. Ling previously worked at Suzhou Huacheng as the general manager of regional financial management center from June 2017 to July 2017, the regional financial controller from September 2015 to June 2017, and as the regional head of finance from November 2010 to September 2015. He served as the head of finance at Suzhou Capsugel Ltd. (蘇州膠囊有限公司), which develops and manufactures dosage forms for the biopharmaceutical and consumer health and nutrition industries, from October 2008 to October 2010.

In June 2004, Mr. Ling completed a dual degree program, and obtained a diploma of business in accounting from Victoria University of Technology in Victoria, Australia and in international accounting from Hohai University (河海大學) in Jiangsu Province, the PRC.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Independent Non-executive Directors

Mr. WANG Kaiguo (王開國), aged 60, joined our Group in June 2019 when he was appointed as an independent non-executive Director of our Company. He is primarily responsible for providing independent judgment and advice to our Board. Prior to joining us, Mr. Wang has served at Shanghai Zhongping Capital Co. Ltd. (上海中平國瑀資產管理有限公司), an asset management company, as the chairman of the board of directors since August 2016.

Mr. Wang has more than 24 years of experience working in financial institutions. During the period between February 1995 to July 2016, he served at a Chinese securities corporation Haitong Securities Co., Ltd. (海通證券股份有限公司) and held various positions, including the deputy general manager, general manager, Secretary of the Leading Party Members' Group, Secretary of Party Committee and chairman of the board, president and executive director, where he began to host the work of Haitong Securities Co., Ltd. in a comprehensive way and led it to become a leading securities in China. From July 1990 to February 1995, Mr. Wang served in various positions in Research Institute of National State-owned Assets Administration Bureau (國家國有資產管理局科研所), including deputy head of this bureau, mainly in charge of policy research in relation to state-owned asset management and internal management. From March 1992 to February 1994, he was also director of policy research office of policy and regulation department of the same bureau, mainly in charge of reform of state-owned enterprise(s) (SOE(s)) and policy research.

Mr. Wang received his doctor's degree in economics from Xiamen University (廈門大學) in Fujian Province, the PRC in May 1990. Mr. Wang was certified as a senior economist by Bank of Communications in December 1997.

Since May 2017, Mr. Wang has been an independent non-executive director of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (上海大眾公用事業(集團)股份有限公司), a supplier of piped gas and other public utilities listed on the Shanghai Stock Exchange (stock code: 600635). He has also served as an independent non-executive director of a corporate commercial bank Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司) since March 2017. From December 2009 to December 2014, Mr. Wang has been an independent non-executive director at Shanghai Chlor-Alkali Chemical Co., Ltd. (上海氯鹼化工股份有限公司), a company which manufactures and markets chlorine and alkaline chemicals and is listed on the Shanghai Stock Exchange (stock code: 600618). Since November 2018, Mr. Wang has been an independent non-executive director of Anxin Trust Co., Ltd (安信信託股份有限公司), (a company which engages in deposit and lending business, investment business and trust business and is listed on the Shanghai Stock Exchange (stock code: 600816)), as well as an independent non-executive director of Caitong Fund Management Co., Ltd. (財通基金管理股份有限公司), a company which engages in fund management business, fund establishment and other business as approved by the China Securities Regulatory Commission.

Mr. WU Xiaobo (吳曉波), aged 59, joined our Group in June 2019 when he was appointed as an independent non-executive Director of our Company, and is primarily responsible for providing independent judgment and advice to our Board. Since March 1998, he has been a professor at School of Management of Zhejiang University (浙江大學管理學院) in the PRC, where he served as the dean from May 2012 to July 2017 and as executive vice president from June 2009 to May 2012.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Wu has extensive work experience acting as a strategy adviser in the manufacturing industry in terms of providing strategy, innovation, transnational development and management consulting services. From March 2010 to November 2015, Mr. Wu was a strategy adviser of Zhejiang Machinery and Electrical Group (浙江省機電集團), which manufactures and distributes machinery products, and he was responsible for corporate strategy consultation. He was also a strategy adviser of Geely Automobile Holdings Limited (吉利汽車控股有限公司), an automobile manufacturer listed on the Stock Exchange (stock code: 175) from September 2002 to August 2007. During this period, he was mainly responsible for providing strategic advice to the company's president.

The following table sets forth the summary of Mr. Wu's directorship in listed companies prior to joining our Group:

| <u>Period of Services</u> | <u>Name of Entity</u> | <u>Principal Business</u> | <u>Place of Listing and Stock Code</u> | <u>Position(s)</u> |
|--|---|---|--|------------------------------------|
| From August 2018 to present | IKD Co., Ltd. (愛柯迪股份有限公司) | Research and development, manufacturing and retailing of die casting of automobile alloys | Shanghai Stock Exchange (stock code: 600933) | Independent non-executive director |
| From December 2011 to March 2014 | Hikvision Digital Technology Co., Ltd. (海康威視數字技術股份有限公司) | Development and manufacturing of video surveillance products | Shenzhen Stock Exchange (stock code: 2415) | Independent non-executive director |
| From April 2008 to April 2011 | Zhejiang NHU Co., Ltd. (浙江新和成股份有限公司) | Manufacturing and marketing of organic chemical products and feed additive | Shenzhen Stock Exchange (stock code: 2001) | Independent non-executive director |
| From April 2004 to April 2010 | Hangzhou Hangyang Co., Ltd. (杭州杭氧股份有限公司) | Design and manufacturing of air separation units, petrochemical equipment, and investment in industrial gasses projects | Shenzhen Stock Exchange (stock code: 2430) | Independent non-executive director |
| From March 2004 to April 2010 | Hangxiao Steel Structure Co., Ltd. (杭蕭鋼構股份有限公司) | Design, manufacturing and installation of steel structure products | Shanghai Stock Exchange (stock code: 600477) | Independent non-executive director |

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Wu has also held important positions in influential associations and organizations. Since May 2016, he has served as the chairman of Zhejiang Enterprise Technological Innovation Association (浙江省企業技術創新協會). Since August 2013, Mr. Wu has been the chairman of Hangzhou Enterprise Technological Innovation and Development Association (杭州市企業技術創新發展促進會) and the executive deputy director of Zhejiang Enterprise Management Association of Science (浙江省企業管理科學促進會).

In June 2016, Mr. Wu was selected jointly by the Ministry of Education and Ministry of Personnel of the PRC as a member of the National Million-People Project of Leading Talent (國家萬人計劃領軍人才). In January 2015, Mr. Wu was conferred as Cheung Kong Scholar Chair Professor of the Ministry of Education (教育部長江學者特聘教授) by the Cheung Kong Scholars Program, which was jointly established by the Li Ka-shing Foundation and the Ministry of Education of the PRC. Mr. Wu was also conferred as the QIUSHI Chair Professor (浙江大學求是特聘教授) by Zhejiang University in March 2010.

Mr. Wu graduated from Zhejiang University (浙江大學) in Zhejiang Province, the PRC, with a doctor's degree in management science and engineering in July 1992, a master's degree in engineering in June 1989 and a bachelor's degree in electronical engineering in January 1982.

Mr. AU YEUNG Po Fung (歐陽寶豐), aged 51, joined our Group in June 2019 when he was appointed as an independent non-executive Director of our Company. He is primarily responsible for providing independent judgment and advice to our Board. Mr. Au Yeung has extensive work experience in the real estate industry. He held various senior management positions in the following real estate companies:

| <u>Period of Services</u> | <u>Name of Company</u> | <u>Principal Business</u> | <u>Place of Listing and Stock Code</u> | <u>Position(s)</u> |
|---|--|--|--|-------------------------------------|
| From March 2018 to October 2018 | Beijing Huahong Group Co., Ltd. (北京華鴻集團) | Real estate development and property management | N/A | Group Chief Financial Officer |
| From August 2017 to January 2018 | Sansheng Holdings (Group) Co. Ltd. (三盛控 股(集團)有限公司) | Property development and investment | Main Board of the Stock Exchange (stock code: 2183) | Chief financial officer |
| | Fujian Sansheng Property Development Company Limited (福建 三盛房地產開發有限公 司) | Commerce, property development and industry investment | N/A | Vice president |
| From July 2016 to September 2017 | South China Assets Holdings Limited (南華 資產控股有限公司) | Commercial property development | GEM Board of the Stock Exchange (stock code: 8155) | Chief financial officer |

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

| Period of Services | Name of Company | Principal Business | Place of Listing and Stock Code | Position(s) |
|---|---|---|--|---|
| From October 2014 to July 2015 | Shenzhen Tianlai Tourism Property Group (深圳天來文旅地產集團) | Commercial property development | N/A | Group vice president and vice president of finance |
| From February 2014 to September 2014 | Fosun Industrial Holdings Limited (復星 地產控股有限公司) (a subsidiary of Fosun International Limited (復星國際有限公司)) | Global real estate investment and management | Main Board of the Stock Exchange (stock code: 656) | Vice president and chief financial officer |
| From October 2011 to December 2013 | Sun Hung Kai Properties Limited (新鴻基地產開發有限公 司) | Development of properties for sale and investment | Main Board of the Stock Exchange (stock code: 16) | Chief financial officer (Mainland operations) |
| From November 2007 to October 2011 | Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司) | Commercial real estate development and investment, property management and hotel development | Main Board of the Stock Exchange (stock code: 1238) | Chief financial officer |
| From July 2006 to November 2007 | Greenland Hong Kong Holdings Limited (綠地香港控股有限公司) | Property development and management, property and hotel investment | Main Board of the Stock Exchange (stock code: 337) | Group financial controller |
| From March 2005 to October 2005 | Landsea Green Group Co., Ltd. (朗詩綠色地產有限公司) | Real estate development and property investment | Main Board of the Stock Exchange (stock code: 106) | Certified accountant and company secretary |
| From December 1996 to May 1998 | Fu Wah International Enterprises Group Ltd. (富華國際集團有限公司) | Commercial property development and management in the PRC | N/A | Financial controller |

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Apart from the real estate industry, Mr. Au Yeung previously served in trading, finance and manufacturing industries as follows:

| Period of Services | Name of Company | Principal Business | Place of Listing and Stock Code | Position(s) |
|---|--|---|--|---|
| From July 2016 to September 2017 | South China Holdings Company Limited (南華集團控股有限公司) | Trading and manufacturing of toys and leather products, property investment and development | Main Board of the Stock Exchange (stock code: 413) | Chief financial officer (PRC Property Division) |
| From January 2001 to January 2005 | Hong Kong Exchanges and Clearing Limited (香港交易及結算有限公司) | Stock and futures operations | Main Board of the Stock Exchange (stock code: 388) | Senior manager of the Clearing Division |
| From June 1998 to January 2001 | Dao Heng Bank Group Limited (道亨銀行集團有限公司) (now merged into DBS Bank (Hong Kong) Limited (星展銀行(香港)有限公司)) | Banking services | N/A | Financial accountant |

Mr. Au Yeung graduated from The Hong Kong Polytechnic (香港理工學院) (currently known as The Hong Kong Polytechnic University (香港理工大學)) in Hong Kong in November 1990 with a bachelor's degree in business studies. He was admitted as a fellow of The Association of Chartered Certified Accountants in November 2000, a fellow of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants (HKICPA)) in May 2003, and a fellow of the Institute of Chartered Accountants in England and Wales in July 2015. Mr. Au Yeung was also certified as a chartered financial analyst (CFA) of the CFA Institute in September 2006.

Mr. Au Yeung has served as the independent non-executive director of eBroker Group Limited (電子交易集團有限公司) (a financial technology solution provider listed on GEM of the Stock Exchange, stock code: 8036) since February 2019, Redsun Properties Group Limited (弘陽地產集團有限公司) (a real estate developer listed on the Main Board of the Stock Exchange, stock code: 1996) since June 2018, Shanshan Brand Management Co., Ltd. (杉杉品牌運營股份有限公司) (a menswear company focusing on design, marketing and sale of formal and casual business menswear in the PRC listed on the Main Board of the Stock Exchange, stock code: 1749) since May 2018, GR Properties Ltd. (國銳地產有限公司) (a property development and management company listed on the Main Board of the Stock Exchange, stock code: 108) since July 2017 and China LNG Group Limited (中國天然氣集團有限公司) (an asset management and new energy development company listed on the Main Board of the Stock Exchange, stock code: 931) since July 2016. From May 2016 to September 2016, he served as an independent non-executive director of Kiu Hung International Holdings Limited (僑雄國際控股有限公司) (a

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

company which engages in toys manufacturing and resources and leisure-related business and is listed on the Main Board of the Stock Exchange, stock code: 381). During the period between 1998 and 2001, Mr. Au Yeung was a director of Uniford Asia Limited, a company incorporated in Hong Kong and dissolved by striking off pursuant to section 291 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (which was in effect before March 3, 2014) as the company ceased operations on May 18, 2001. Mr. Au Yeung has confirmed that such company was not in operation and was solvent at the time of dissolution. Mr. Au Yeung has further confirmed that there was no fraudulent act or misfeasance on his part leading to the striking off of such company and he is not aware of any actual or potential claim that had been or will be made against him as a result of the striking off of such company.

Save as disclosed above, none of our Directors holds any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this prospectus. Please refer to the section headed “Statutory and General Information” in Appendix V to this prospectus for further information about the Directors, including the particulars of their service contracts and remuneration, and details of the interests of the Directors in the Shares (within the meaning of Part XV of the SFO). Save as disclosed herein, there are no other matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there is no other material matter relating to our Directors that needs to be brought to the attention of our shareholders.

SENIOR MANAGEMENT

The senior management team of our Group, in addition to the executive Directors listed above, is as follows:

Mr. CHEN Hongliang (陳紅亮), aged 37, is the vice president of our Company. He is primarily responsible for managing mechanism accounting center, human resources center, legal affairs center, Zhongliang Institute and president’s office of the Company. Mr. Chen has more than 13 years of experience in human resources. He previously worked at Shanghai Zhongliang Real Estate as the assistant president and was in charge of human resources center, legal affairs center and mechanism accounting center from August 2016 to August 2018, then he was promoted to current position in August 2018. He worked as deputy general manager of human resources from March 2016 to August 2016, as director of human resources from March 2015 to March 2016 and as deputy director from March 2013 to March 2015. From September 2009 to March 2013, Mr. Chen served as the manager of corporate management department and head of office at Shanghai Zhongliang Real Estate. Mr. Chen was also the manager of human resources at Suzhou Huacheng from October 2008 to September 2009. Prior to that, Mr. Chen was the manager of human resources administration at Suzhou Shengshi Real Estate Investment Group Ltd. (蘇州盛世地產投資集團有限公司), which primarily engages in property development and sales, from January 2007 to October 2008.

Mr. Chen graduated from Anhui University of Science and Technology (安徽理工大學) in Anhui Province, the PRC, in July 2004, majoring in human resources management. In February 2010, he obtained the Human Resources Management Certificate (Intermediate level) (人力資源中級證) granted by Jiangsu Province Human Resources and Social Security Bureau (江蘇省人力資源和社會保障廳).

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. LI Heli (李和栗), aged 31, is the vice president of our Company. He is primarily responsible for managing investment development center, city and industry center and merger and restructuring centers. Mr. Li joined our Group in March 2015 as head of project development and head of marketing before being he served as the assistant president of investment development center from November 2016 to August 2018 and was promoted to his current position in August 2018.

From March 2013 to February 2015, Mr. Li joined a property sales agency Wenzhou Qiyuan Real Estate Consultant Co., Ltd. (溫州啟源房地產顧問有限公司), where he served as the marketing director and provided real estate market research and project planning services. From June 2009 to March 2013, he worked at New Hongjia Investment Advisory Firm (新鴻嘉投資顧問有限公司) as manager of market development department.

Mr. Li obtained his bachelor's degree in social work from Suzhou University (蘇州大學) in Jiangsu Province, the PRC, in June 2009.

COMPANY SECRETARY

Mr. YEUNG Tak Yip (楊德業), aged 37, was appointed as the company secretary of our Company in July 2018. Mr. Yeung possesses over six years of experience in company secretarial practice and more than 14 years of experience in finance and administration. Prior to joining us, he was the company secretary, financial controller, director of investor relations and authorized representative of Modern Land (China) Co., Limited, which engages in property development and provision of real estate related services and is listed on the Stock Exchange (stock code: 1107), from April 2016 to April 2018. During the period between October 2012 and April 2016, Mr. Yeung was also the company secretary and group financial controller of China Water Property Group Limited (currently known as China City Infrastructure Group Limited), a property development group listed on the Stock Exchange (stock code: 2349). Mr. Yeung previously worked at Deloitte & Touche as an audit manager from April 2008 to February 2011 and as an auditor from September 2003 to April 2008.

Mr. Yeung received his bachelor's degree in professional accountancy from The Chinese University of Hong Kong in Hong Kong in May 2003. He has also been fellow member of the Association of Chartered Certified Accountants since March 2013 and Hong Kong Institute of Certified Public Accountants (HKICPA) since July 2010.

BOARD COMMITTEES

Audit Committee

The Company established an audit committee in compliance with Rules 3.21 to 3.23 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code set forth in Appendix 14 to the Listing Rules. The primary duties of our audit committee are to review, supervise and approve our financial reporting process and internal control system and to provide advice and comments to our Board.

Members of the audit committee are Mr. Au Yeung Po Fung, Mr. Wang Kaiguo and Mr. Wu Xiaobo. Mr. Au Yeung Po Fung is the chairman of the audit committee.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Remuneration Committee

The Company established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules. The remuneration committee reviews and recommends to our Board the remuneration and other benefits paid by us to our Directors and senior management. The remuneration of all our Directors and senior management is subject to regular monitoring by our remuneration committee to ensure that levels of their remuneration and compensation are appropriate.

Members of the remuneration committee are Mr. Wu Xiaobo, Mr. Yang and Mr. Au Yeung Po Fung. Mr. Wu Xiaobo is the chairman of the remuneration committee.

Nomination Committee

The Company established a nomination committee with written terms of reference in compliance with Appendix 14 to the Listing Rules. The primary responsibilities of the nomination committee are to consider and recommend to our Board suitable and qualified candidates of Directors and to review the structure, size and composition of our Board and the board diversity policy adopted by our Company on a regular basis.

Members of the nomination committee are Mr. Yang, Mr. Wang Kaiguo and Mr. Wu Xiaobo. Mr. Yang is the chairman of the nomination committee.

BOARD DIVERSITY

To enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to our board diversity policy, we seek to achieve board diversity by taking into consideration of various factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service with our Company.

Our Directors have a balanced mix of knowledge, skills and experience, including the areas of real estate, accounting, financial management, education and manufacturing industries. They obtained academic diplomas and degrees in various majors, including economics, business studies, accounting and management science and engineering. We have three independent non-executive Directors with different industry backgrounds, representing one-third of the members of our Board. Furthermore, our Board has a wide range of age, ranging from 38 years old to 60 years old. We have also taken, and will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to the Board and the management levels. While we recognize that the gender diversity of the Board can be improved given its current composition of all male Directors, we will continue to apply the principle of appointments based on merits with reference to our board diversity policy.

Our nomination committee is responsible for ensuring the diversity of our Board members and compliance with relevant codes governing board diversity under the Corporate Governance Code as set forth in Appendix 14

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

of the Listing Rules. Our nomination committee will review the board diversity policy and our diversity profile (including gender balance) from time to time to ensure its continued effectiveness. We will also disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

We are also committed to adopting similar approach to promote diversity, including but not limited to gender diversity, at all other levels of our Company from the Board downwards to enhance the effectiveness of our corporate governance as a whole. Going forward, we will consider the possibility of nominating female senior management or female Director to the Board who has the necessary skills and experience. Our nomination committee will use its best endeavor and on suitable basis to, within three years from the Listing Date, identify and recommend at least one female candidate to our Board for its consideration on appointment of Director. Our Board will strive to achieve an appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing our Board to gender parity. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in a few years' time. As female representation in senior roles throughout the economy and the pool of qualified females keeps growing, we expect to have more female members in our Board from time to time.

WAIVERS GRANTED BY THE STOCK EXCHANGE

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, please see the section headed "Waivers from Compliance with the Listing Rules — Management Presence in Hong Kong" in this prospectus.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration our Directors have received (including fees, salaries, allowances and other benefits in kind, performance-related bonuses, pension scheme contribution and social welfare) for each of the years ended December 31, 2016, 2017 and 2018 was approximately RMB3.9 million, RMB11.2 million and RMB29.1 million, respectively.

The aggregate amount of fees, salaries, allowances and other benefits in kind, performance-related bonuses, pension scheme contribution and social welfare paid to the five highest paid individuals of our Company, including Directors, during each of the years ended December 31, 2016, 2017 and 2018, was approximately RMB4.8 million, RMB13.0 million and RMB33.5 million, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration, excluding discretionary bonuses, payable to our Directors for the year ending December 31, 2019 is estimated to be approximately RMB29.1 million.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the years ended December 31, 2016, 2017 and 2018. Further, none of our Directors had waived any remuneration during the same period.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Save as disclosed above, no other payments have been made or are payable in respect of each of the years ended December 31, 2016, 2017 and 2018 by the Group to the Directors.

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 the Directors and performance of our Group.

COMPLIANCE ADVISOR

We have appointed Guotai Junan Capital Limited as our compliance advisor (the “**Compliance Advisor**”) upon listing of our Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will provide advice to us when consulted by us in the following circumstances:

- the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where its business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares of our Company.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date. This appointment may be subject to extension by mutual agreement.

POST-IPO SHARE OPTION SCHEME

In order to incentivize our Directors, senior management, connected persons and other grantees for their contribution to our Group and to attract and retain suitable personnel to our Group, we adopted the Post-IPO Share Option Scheme. See “Appendix V — Statutory and General Information – D. Share Incentive Scheme.”

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Our Strategies” 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\$5.94 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus) | Approximately HK\$2,918.2 million | Approximately HK\$3,374.3 million |
| Assuming an Offer Price of HK\$6.68 per Offer Share (being the high end of the Offer Price range stated in this prospectus) | Approximately HK\$3,297.0 million | Approximately HK\$3,810.0 million |
| Assuming an Offer price of HK\$5.20 per Offer Share (being the low end of the Offer Price range stated in this prospectus) | Approximately HK\$2,539.4 million | Approximately HK\$2,938.7 million |
| Assuming an Offer Price of HK\$4.68 per Offer Share (being the Offer Price after the Downward Offer Price Adjustment) | Approximately HK\$2,273.2 million | Approximately HK\$2,632.5 million |

We intend to use the net proceeds of the Global Offering for the following purposes (assuming an Offer Price of HK\$5.94 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\$1,750.9 million, will be used as the construction costs for the development of our existing property projects or project phases, Wenzhou Zhongliang Majestic Mansion, Suqian Zhongliang Capital Park and Jiangyou Zhongliang Capital Park. See “Business — Our Property Projects” for further details of our projects;
- approximately 30%, or HK\$875.5 million, will be used for repayment of the majority portion of certain existing trust loans, all of which are working capital loans for our project companies and comprised (i) the outstanding balance of RMB237.5 million of a trust loan with a term of one year,

FUTURE PLANS AND USE OF PROCEEDS

an interest rate of 11.5% per annum and the maturity date of September 6, 2019; (ii) the outstanding balance of RMB374.0 million of a trust loan with a term of one year, an interest rate of 12.5% per annum and the maturity date of November 1, 2019; and (iii) the outstanding balance of RMB300.0 million of a trust loan with a term of one year, an interest rate of 13.83% per annum and the maturity date of November 22, 2019; and

- approximately 10%, or HK\$291.8 million, will be used for general working capital purposes.

Except for the amount of HK\$875.5 million that we expect to use to repay our trust loans, 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 midpoint 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 net proceeds into demand deposits with licensed banks or financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

UNDERWRITING

HONG KONG UNDERWRITERS

CCB International Capital Limited
Guotai Junan Securities (Hong Kong) Limited
Huatai Financial Holdings (Hong Kong) Limited
Nomura International (Hong Kong) Limited
ABCI Securities Company Limited
CMB International Capital Limited
ICBC International Securities Limited
CRIC Securities Company Limited
CGS-CIMB Securities (Hong Kong) Limited
China Investment Securities International Brokerage Limited
WE Securities Limited
A-JEX International Asset Management Limited
GLAM Capital Limited
Wan Lung Securities Limited
Ping An Securities Limited
Head & Shoulders Securities Limited
Kilmorey Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Sole Representative (for itself and on behalf of the other Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 53,000,000 Hong Kong Offer Shares and the International Offering of initially 477,000,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Application Forms relating thereto.

UNDERWRITING

Subject to the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, and certain other conditions set forth in the Hong Kong Underwriting Agreement (including the Sole Representative (for itself and on behalf of the other Underwriters) and our Company agreeing upon the Offer Price) being satisfied (or, as the case may be, waived), the Hong Kong Underwriters have agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms or otherwise, prior to 8:00 a.m. on the Listing Date.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares are subject to termination by notice (orally or in writing) from the Sole Representative (for itself and on behalf of the other Hong Kong Underwriters), 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, 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, any member of the European Union, Singapore 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 Jurisdiction or elsewhere; 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, (A) securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ

UNDERWRITING

Global Market, the American Stock Exchange, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or (B) securities of our Company or any other member of our Group listed or quoted on a stock exchange or an over-the-counter market; 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), Singapore or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or
- (e) any new law, 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 Jurisdiction; 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 Jurisdiction; 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 Jurisdiction; or
- (h) any litigation, claims or proceedings of any third party being threatened or instigated against any member of our Group or our Controlling Shareholders; or
- (i) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (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 Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group, any Director or our Controlling Shareholders; or
- (l) save as disclosed in “Business — Safety Matters”, “Business — Legal Proceedings” and “Business — Compliance with Laws and Regulations” in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable laws or regulations; or

UNDERWRITING

- (m) a prohibition on our Company or any of our Controlling Shareholders for whatever reason from offering, allotting, issuing, selling or delivering any of the Offer Shares (including the option shares) 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 Representative (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 (Winding Up and Miscellaneous Provisions) 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” in this prospectus; or
- (r) an order or petition is presented for the winding up of any member of our Group or any composition 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 Representative and the Sole Sponsor:

- (A) has or will have or may have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, trading positions, 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 an adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering or dealings in the Offer Shares in the secondary market; or
- (C) makes or will 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

UNDERWRITING

- (D) has or will 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 Representative 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 in any material respect or misleading in any respect, or that any forecast, estimate, expression of opinion, intention or expectation contained therein 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 our Company or our Controlling Shareholders pursuant to the indemnities given by our Company or our Controlling Shareholders under the Hong Kong Underwriting Agreement; or
 - (e) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of our Group, whether or not arising in the ordinary course of business, as determined by the Sole Representative 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 our Company or our Controlling Shareholders in either the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

UNDERWRITING

- (g) approval by the Listing Committee 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 named in 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) any person (other than the Sole Sponsor) has withdrawn or is subject to withdrawal of its consent to being named in the prospectus or to the issue of the prospectus; or
- (k) a material portion of the orders in the bookbuilding process have been withdrawn, terminated or canceled; or
- (l) the Stock Borrowing Agreement is not duly authorized, executed and delivered or it is terminated.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

(A) Undertakings by Our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange, that within six months from the Listing Date no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) shall be issued by our Company or form the subject of any agreement to such issue (whether or not such issue of Shares or securities of our Company will be completed within six months from the Listing Date), except pursuant to the Capitalization Issue, the Global Offering, the Over-allotment Option and the grant of options or exercise of options that may be granted under the Post-IPO Share Option Scheme or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) *Undertakings by our Controlling Shareholders*

By virtue of Rule 10.07 of the Listing Rules, our group of Controlling Shareholders, namely Mr. Yang, Ms. Xu, Liangzhong, Liangyi and Liangtai, have undertaken to the Stock Exchange and to our Company that, except pursuant to the Capitalization Issue, the Global Offering (including pursuant to the Over-allotment Option and the Stock Borrowing Agreement), they will not and will procure that the relevant registered holder(s) (if any) of

UNDERWRITING

our Shares in which any of them has a beneficial interest will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the requirements of the Listing Rules:

- (i) in the period commencing from the date by reference to which disclosure of their shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which they are shown to be the beneficial owner in this prospectus; and
- (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 to such extent that, immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be our group of Controlling Shareholders for the purpose of the Listing Rules.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and to our Company that within the period commencing from the date by reference to which disclosure for their shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, they will:

- (i) when they pledge or charge any Shares legally and/or beneficially owned by them in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and
- (ii) when they receive indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledge or charged Shares will be disposed of, immediately inform our Company in writing of such indications.

Our Company will inform the Stock Exchange in writing as soon as we have been informed of matters referred in above by any of our Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the Listing Rules as soon as possible.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by Our Company

Our Company has undertaken to each of the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters, that except for the offer and sale of the Offer Shares pursuant to the Capitalization Issue, the Global Offering (including

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pursuant to the Over-allotment Option) and the Post-IPO 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 to procure each other member of our Group not to, without the prior written consent of the Sole Sponsor and the Sole Representative (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements set out in 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 agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity 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 purchase, any Shares or other equity securities of our Company, or any interest in any of the foregoing), or deposit any Shares or other equity 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 equity 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 share 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 (within the meaning 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 it will not create a disorderly or false market in the securities of our Company. The Controlling Shareholders

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undertake to each of the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure our Company to comply with the undertakings above.

(B) Undertakings by our Controlling Shareholders

Save and except for the lending of Shares by Liangzhong pursuant to the Stock Borrowing Agreement, each of our Controlling Shareholders has undertaken to each of the Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint 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, none of our Controlling Shareholders will, without the prior written consent of the Sole Sponsor and the Sole Representative (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) 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 equity 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 equity securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other equity securities of our Company with a depository in connection with the issue of depository 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 equity 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 securities will be completed within the First Six-Month Period); and
- (ii) 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 agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a “controlling shareholder” (as the term is defined in our Listing Rules) of our Company; and
- (iii) until the expiry of the Second Six-Month Period, in the event that 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

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effect any such transaction, it will take all reasonable steps to ensure that 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 our 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).

Indemnity

We and our Controlling Shareholders have agreed to indemnify, among others, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, amongst others, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach or alleged breach by our Company of the Hong Kong Underwriting Agreement, as the case may be.

Hong Kong Underwriters' Interests in Our Company

Except for their respective obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any 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.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we, our executive Directors and our Controlling Shareholders will enter into the International Underwriting Agreement with, among others, the Sole Representative and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally and not jointly agree to purchase, or procure purchasers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, among others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

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Over-allotment Option

We expect to grant to the International Underwriters, exercisable in whole or in part by the Sole Representative at its sole and absolute discretion (for itself and on behalf of the other International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until up to (and including) the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 79,500,000 Shares, representing no more than 15% of the initial Offer Shares, at the Offer Price under the International Offering, to cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Sole Representative (for itself and on behalf of the other Hong Kong Underwriters) will receive a gross underwriting commission (excluding incentive fee) equal to 2.2% 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 addition, our Company agrees, in its sole discretion, to pay to the Sole Representative an incentive fee of up to 1.2% of the aggregate Offer Price in respect of all the Hong Kong Offer Shares (excluding any International Offer Shares allocated to and from the Hong Kong Public Offering).

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering (in such proportion as the Sole Representative 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 Representative in its sole discretion consider appropriate).

Assuming the Over-allotment Option is not exercised, the aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are currently estimated to amount in aggregate to approximately HK\$230.0 million (assuming an Offer Price of HK\$5.94 per Offer Share, being the mid-point of the indicative Offering Price range stated in this prospectus), are payable and borne by our Company.

MINIMUM PUBLIC FLOAT

Our Directors and the Sole Representative will ensure that there will be a minimum of 15.84% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

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The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in “Structure of the Global Offering.” Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

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THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. CCBI is the Sole Sponsor, the Sole Representative, one of the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers.

The Global Offering comprises (subject to reallocation and the Over-allotment Option):

- (a) the Hong Kong Public Offering of 53,000,000 Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed “— The Hong Kong Public Offering” in this section below; and
- (b) the International Offering of 477,000,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S of the U.S. Securities Act as described under the paragraph headed “— The International Offering” in this section below.

Up to 79,500,000 additional Shares may be offered pursuant to the exercise of the Over-allotment Option as set forth in the paragraph headed “— The International Offering — Over-allotment Option” in this section below.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the International Offering, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the Offer Shares to institutional and professional investors and other investors outside the United States in reliance on Regulation S of the U.S. Securities Act. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Offering. Prospective investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in the paragraph headed “— The Hong Kong Public Offering — Reallocation” in this section below.

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Initially Offered

We are initially offering 53,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering subject to the

STRUCTURE OF THE GLOBAL OFFERING

reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and assuming that the Over-allotment Option is not exercised. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a several basis under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Representative (for itself and on behalf of the other Underwriters) agreeing on the Offer Price. Completion of the Hong Kong Public Offering is subject to the conditions as set forth in the paragraph headed “—Conditions of the Global Offering” in this section below.

Allocation

The allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation) is to be divided into two pools for allocation purposes: Pool A and Pool B. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 26,500,000 and 26,500,000, respectively. The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, SFC transaction levy and the 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 Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either Pool A or Pool B but not from both pools. Multiple applications or suspected multiple applications and any application for more than 26,500,000 Hong Kong Offer Shares (being 50% of the 53,000,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

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Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Assuming that the Over-allotment Option is not exercised, the allocation of the Offer Shares shall be subject to reallocation on the following basis:

- (a) where the International Offer Shares are fully subscribed or oversubscribed and:
 - (i) if the Hong Kong Offer Shares are undersubscribed, the Sole Representative (for itself and on behalf of the other Underwriters) have 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 Representative deems appropriate to satisfy demand under the International Offering;
 - (ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed and 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 Representative (for itself and on behalf of the other Underwriters), up to 53,000,000 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 106,000,000 Offer Shares and not more than double the initial allocation to the Hong Kong Public Offering, representing 20% of the number of the Offer Shares initially available under the Global Offering (before any 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 106,000,000 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 159,000,000 Offer Shares, representing 30% of the number of the Offer Shares initially available under the Global Offering (before any 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 159,000,000 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 212,000,000 Offer Shares, representing 40% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option); and

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- (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 212,000,000 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 265,000,000 Offer Shares, representing 50% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

- (b) where the International Offer Shares are undersubscribed and:
 - (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 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 53,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Share available under the Hong Kong Public Offering will be increased to 106,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

In addition, the Sole Representative (for itself and on behalf of the other Underwriters) may reallocate the 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. 106,000,000 Offer Shares).

In the event of a reallocation of the Offer Shares from the International Offering to the Hong Kong Public Offering in the circumstances under paragraphs (a)(ii), (a)(iii), (a)(iv), (a)(v) or (b)(ii) above, the number of Offer Shares allocated to the International Offering will be correspondingly reduced.

In the event of a reallocation of the Offer Shares between the Hong Kong Public Offering and the International Offering in the circumstances under paragraphs (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK\$5.20 per Offer Share) stated in this prospectus or the downward adjusted final Offer Price if a Downward Offer Price Adjustment is made according to the Guidance Letter HKEx-GL90-18 issued by the Stock Exchange.

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Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$6.68 per Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$3,373.66 for one board lot of 500 Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed “— Pricing and Allocation” in this section below, is less than the maximum price of HK\$6.68 per Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For details, see “How to Apply for Hong Kong Offer Shares.”

THE INTERNATIONAL OFFERING

Number of International Offer Shares Initially Offered

Subject to reallocation as described in this section and the exercise of the Over-allotment Option, the International Offering will consist of an initial offering of 477,000,000 Shares (outside the United States) in offshore transactions in reliance on Regulation S of the U.S. Securities Act, representing 90% of the total number of Offer Shares initially available under the Global Offering, subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the paragraph headed “— Pricing and Allocation” in this section below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

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The Sole Representative (for itself and on behalf of the other International Underwriters) may require any investor who has been offered International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Representative so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “— The Hong Kong Public Offering — Reallocation” in this section, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable in whole or in part by the Sole Representative at its sole and absolute discretion (for itself and on behalf of the other International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 79,500,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the Offer Shares will represent 16.90% of our Company’s issued share capital immediately following completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, we will make an announcement in due course.

Stock Borrowing Agreement

CCB International Capital Limited, as the Stabilizing Manager, or any person acting for it may choose to borrow Shares from Liangzhong under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercise 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 forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- such stock borrowing arrangement with Liangzhong will only be effected by the Stabilizing Manager for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering;
- the maximum number of Shares borrowed from Liangzhong 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;
- the same number of Shares so borrowed must be returned to Liangzhong or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option

STRUCTURE OF THE GLOBAL OFFERING

may be exercised, (ii) the date on which the Over-allotment Option is exercised in full and the relevant over-allocation shares have been allocated, and (iii) such earlier time as the parties may from this to time agree in writing;

- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and
- no payment will be made to Liangzhong by the Stabilizing Manager or its authorized agents in relation to such stock borrowing arrangement.

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 newly issued securities in the secondary market, during a specified period of time, to reduce and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if commenced, may be discontinued at any time, and is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. Should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilizing Manager or any person acting for it.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, 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 the Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;

STRUCTURE OF THE GLOBAL OFFERING

- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, or any person acting for it, will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager, or any person acting for it, may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on the 30th day after the last day for the lodging of 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;
- the price of the Shares cannot be assured to stay at or above the Offer Price 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 or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Sole Representative, or any person acting for it may cover such over-allocation by, among others, using the Shares purchased by the Stabilizing Manager or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong on stabilization. The number of Shares which can be over-allocated will not exceed the number of Shares which may be allotted and issued pursuant to the exercise in full of the Over-allotment Option, being 79,500,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different price or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

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The Offer Price is expected to be fixed by agreement between our Company and the Sole Representative (for itself and on behalf of the other Underwriters) on the Price Determination Date, which is expected to be on or around Tuesday, July 9, 2019 and in any event no later than Friday, July 12, 2019.

The Offer Price will not be more than HK\$6.68 per Offer Share and is expected to be not less than HK\$5.20 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus (subject to a Downward Offer Price Adjustment).

Reduction in Offer Price range and/or number of Offer Shares

The Sole Representative (for itself and on behalf of the other Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the consent of the Company, determine the final Offer Price to be no more than 10% below the low end of the indicative Offer Price range, at any time on or prior to the Price Determination Date. In such a situation, the Company will, as soon as practicable following the decision to set the final Offer Price below the low end of the indicative Offer Price range, publish on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.zldcgroup.com an announcement of the final Offer Price after making a Downward Offer Price Adjustment. Such announcement will be issued as soon as practicable after the Price Determination Date but before and separate from the announcement of the results of allocations expected to be announced on Monday, July 15, 2019. The Offer Price announced following making of a Downward Offer Price Adjustment shall be the final Offer Price and shall not be subsequently changed.

In the absence of an announcement that a Downward Offer Price Adjustment has been made, the final Offer Price will not be outside the indicative Offer Price range as disclosed in this prospectus unless the Withdrawal Mechanism is utilized.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$6.68, we will refund the respective difference, including the brokerage fee, the Stock Exchange trading fee and the SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. For more details, see “How to Apply for Hong Kong Offer Shares” in this prospectus.

Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering.

The Sole Representative (for itself and on behalf of the other Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during

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the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause them to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of our Company (www.zldcgroup.com) and the website of the Stock Exchange (www.hkexnews.hk) notices of the reduction. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by our Company and the Sole Representative (for itself and on behalf of the other Underwriters), will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set forth in this prospectus, and any other financial information which may change as a result of any such reduction. As soon as practicable of such reduction of the number of Offer Shares and/or the indicative Offer Price range, we will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change, where appropriate, extend the period under which the Hong Kong Public Offering was open for acceptance, and give potential investors who had applied for the Offer Shares the right to withdraw their applications.

In the absence of any such notice and supplemental prospectus so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Sole Representative (for itself and on behalf of the other Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Sole Representative may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings solely in the discretion of the Sole Representative.

If applications for the Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price range is so reduced.

Irrespective of whether a Downward Offer Price Adjustment is made, the final Offer Price, the level of indications of interest in the International Offering, the results of applications in the Hong Kong Public Offering and the basis of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Monday, July 15, 2019 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of our Company (www.zldcgroup.com) and the website of the Stock Exchange (www.hkexnews.hk).

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HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Representative (for itself and on behalf of the other Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in “Underwriting.”

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment);
- (b) the Offer Price having been agreed between our Company and the Sole Representative (for itself and on behalf of the other Underwriters) on the Price Determination Date;
- (c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective Underwriting 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).

If, for any reason, the Offer Price is not agreed between our Company and the Sole Representative (for itself and on behalf of the other Underwriters) on or before Friday, July 12, 2019, the Global Offering will not proceed and lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among others, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will as soon as possible publish or

STRUCTURE OF THE GLOBAL OFFERING

cause to be published a notice of the lapse of the Hong Kong Public Offering in South China Morning Post (in English), Hong Kong Economic Times (in Chinese) and on the website of our Company (www.zldcgroup.com) and the website of the Stock Exchange (www.hkexnews.hk). In such eventuality, all application monies will be returned, without interest, on the terms set forth in the paragraph headed “How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies.” In the meantime, all application monies will be held in a separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended.

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in the Shares (including (i) the Offer Shares; and (ii) any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

No part of our Company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the 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 (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, July 16, 2019, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, July 16, 2019. The Shares will be traded on the Main Board of the Stock Exchange in board lots of 500 Shares each. The stock code of the Shares will be 2772.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at www.eipo.com.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Representative, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **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 individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Representative may accept it at its discretion and on any conditions it think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Global Offering;
- a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for or indicated an interest in any International Offer Shares under the International Offering or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.eipo.com.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, June 27, 2019 until 12:00 noon on Monday, July 8, 2019 from:

- (i) the following office of the Hong Kong Underwriters:

CCB International Capital Limited

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

Guotai Junan Securities (Hong Kong) Limited

27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

| | |
|--|--|
| Huatai Financial Holdings (Hong Kong) Limited | Room 5801-05, 58/F, The Center 99 Queen's Road Central Hong Kong |
| Nomura International (Hong Kong) Limited | 30/F, Two International Finance Centre 8 Finance Street Central, Hong Kong |
| ABCI Securities Company Limited | 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong |
| CMB International Capital Limited | 45/F, Champion Tower 3 Garden Road Central, Hong Kong |
| ICBC International Securities Limited | 37/F, ICBC Tower 3 Garden Road Central, Hong Kong |
| CRIC Securities Company Limited | Room 2007 & 2403, Great Eagle Centre 23 Harbour Road Wan Chai, Hong Kong |
| CGS-CIMB Securities (Hong Kong) Limited | 25/F, Gloucester Tower, The Landmark 15 Queen's Road Central Hong Kong |
| China Investment Securities International Brokerage Limited | Unit Nos. 7701A & 05B-08, Level 77 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong |
| WE Securities Limited | Unit 1604, 16/F, Infinitus Plaza 199 Des Voeux Road Central Hong Kong |
| A-JEX International Asset Management Limited | Flat E & F, 18/F, Neich Tower 128 Gloucester Road Wanchai, Hong Kong |
| GLAM Capital Limited | Rooms 908-11, 9/F, Nan Fung Tower 88 Connaught Road Central & 173 Des Voeux Road Central Central, Hong Kong |
| Wan Lung Securities Limited | Rooms 2908-2910, 29/F, The Octagon 6, Sha Tsui Road, Tsuen Wan New Territories, Hong Kong |
| Ping An Securities Limited | 18/F, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong |

HOW TO APPLY FOR HONG KONG OFFER SHARES

Head & Shoulders Securities Limited

Room 2511, 25/F, Cosco Tower
183 Queen's Road Central
Hong Kong

Kilmorey Securities Limited

Rooms 3001 and 3008-3010, Alexandra House
18 Chater Road
Central, Hong Kong

(ii) any of the following branches of the receiving banks:

(1) Bank of China (Hong Kong) Limited

| <u>Region</u> | <u>Branch</u> | <u>Address</u> |
|----------------------------|---------------------------|---|
| Hong Kong Island | 409 Hennessy Road Branch | 409–415 Hennessy Road, Wan Chai, Hong Kong |
| | Aberdeen Branch | 25 Wu Pak Street, Aberdeen, Hong Kong |
| Kowloon | Hoi Yuen Road Branch | 55 Hoi Yuen Road, Kwun Tong, Kowloon |
| | Tsim Sha Tsui East Branch | Shop 3, LG/F, Hilton Towers, 96 Granville Road, Tsim Sha Tsui East, Kowloon |
| New Territories | Tai Po Branch | 68–70 Po Heung Street, Tai Po Market, New Territories |
| | Yuen Long Branch | 102–108 Castle Peak Road, Yuen Long, New Territories |

(2) Standard Chartered Bank (Hong Kong) Limited

| <u>Region</u> | <u>Branch</u> | <u>Address</u> |
|----------------------------|---------------------------|--|
| Hong Kong Island | 188 Des Voeux Road Branch | 188 Des Voeux Road Central, Central |
| | North Point Centre Branch | Shop G, G/F, North Point Centre, 284 King's Road, North Point |
| Kowloon | Mongkok Branch | Shop B, G/F, 1/F & 2/F, 617- 623 Nathan Road, Mongkok |
| | Telford Gardens Branch | Shop P9-12, Telford Centre, Telford Gardens, Tai Yip Street, Kowloon Bay |

HOW TO APPLY FOR HONG KONG OFFER SHARES

| <u>Region</u> | <u>Branch</u> | <u>Address</u> |
|---------------------------|------------------|--|
| New Territories | Tsuen Wan Branch | Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan |

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, June 27, 2019 until 12:00 noon on Monday, July 8, 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a check or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED — ZHONGLIANG HOLDINGS PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Thursday, June 27, 2019 — 9:00 a.m. to 5:00 p.m.
- Friday, June 28, 2019 — 9:00 a.m. to 5:00 p.m.
- Saturday, June 29, 2019 — 9:00 a.m. to 1:00 p.m.
- Tuesday, July 2, 2019 — 9:00 a.m. to 5:00 p.m.
- Wednesday, July 3, 2019 — 9:00 a.m. to 5:00 p.m.
- Thursday, July 4, 2019 — 9:00 a.m. to 5:00 p.m.
- Friday, July 5, 2019 — 9:00 a.m. to 5:00 p.m.
- Saturday, July 6, 2019 — 9:00 a.m. to 1:00 p.m.
- Monday, July 8, 2019 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, July 8, 2019, 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.

The application for the Hong Kong Public Offering will commence on Thursday, June 27, 2019 through Monday, July 8, 2019, being slightly longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicants without interest on Monday, July 15, 2019. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Tuesday, July 16, 2019.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize our Company and/or the Sole Representative (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first- named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in “— 14. Dispatch/Collection of Share Certificates and Refund Monies — Personal Collection” section in this prospectus to collect the Share certificate(s) and/or refund check(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Sole Representative will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in the “— 2. Who can apply” section, may apply through the **White Form eIPO** service for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application to the **White Form eIPO** Service Provider at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. Thursday, June 27, 2019 until 11:30 a.m. Monday, July 8, 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, July 8, 2019 or such later time under the “— 10. Effect of Bad Weather on the Opening of the Application Lists” section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

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Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “Zhongliang Holdings Group Company Limited” **White Form eIPO** application submitted via www.eipo.com.hk to support the funding of “Dongjiang River Source Tree Planting” project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center, 1/F, One & Two Exchange Square,
8 Connaught Place, Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Representative 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 are not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

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- (ii) HKSCC Nominees will do the following things on your behalf:
- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors and the Sole Representative will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
 - confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
 - agree that none of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
 - agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the

HOW TO APPLY FOR HONG KONG OFFER SHARES

Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if

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you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 500 Hong Kong Offer Shares. Instructions for more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting electronic application instructions⁽¹⁾

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Thursday, June 27, 2019 — 9:00 a.m. to 8:30 p.m.
- Friday, June 28, 2019 — 8:00 a.m. to 8:30 p.m.
- Saturday, June 29, 2019 — 8:00 a.m. to 1:00 p.m.
- Tuesday, July 2, 2019 — 8:00 a.m. to 8:30 p.m.
- Wednesday, July 3, 2019 — 8:00 a.m. to 8:30 p.m.
- Thursday, July 4, 2019 — 8:00 a.m. to 8:30 p.m.

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- Friday, July 5, 2019 — 8:00 a.m. to 8:30 p.m.
- Monday, July 8, 2019 — 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, June 27, 2019 until 12:00 noon on Monday, July 8, 2019 (24 hours daily, except on July 8, 2019, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, July 8, 2019, 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.

Note:

- (1) The times in this sub-section are subject to changes as HKSCC may determine from time to time with prior notification to CCASS Clearing/ Custodian Participants and/or CCASS Investor Participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, our Hong Kong Share Registrar, the receiving banks, the Sole Representative, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

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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. Our Company, our Directors, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, July 8, 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

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“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 500 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 the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to “Structure of the Global Offering — Pricing and Allocation.”

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, July 8, 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

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If the application lists do not open and close on Monday, July 8, 2019 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable,” an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the results of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Monday, July 15, 2019 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on our Company’s website at www.zldcgroup.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 available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.zldcgroup.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Monday, July 15, 2019;
- from the designated results of allocations website at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Monday, July 15, 2019 to 12:00 midnight on Sunday, July 21, 2019;
- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Monday, July 15, 2019 to Thursday, July 18, 2019;
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, July 15, 2019 to Wednesday, July 17, 2019 at all the receiving banks’ designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in “Structure of the Global Offering.”

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

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12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **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 our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) **If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Sole Representative, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list our Shares either:

- within three weeks from the closing date of the application lists; or
- that longer period within three weeks of the closing date of the application lists.

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(iv) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Representative believes that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50.0% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price 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 — The Hong Kong Public Offering" 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 check or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Monday, July 15, 2019.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

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No temporary document of title will be issued in respect of our Shares. No receipt will be issued for sums paid on application. If you apply by a **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:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and
- refund check(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 the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first named applicant (if you are joint applicants), may be printed on your refund check, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund check(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund checks and Share certificates are expected to be posted on or before Monday, July 15, 2019. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of check(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, July 16, 2019 provided that the Global Offering has become unconditional and the right of termination described in “Underwriting” has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) ***If you apply using a WHITE Application Form***

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 check(s) and/or Share certificate(s) from our 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 Monday, July 15, 2019 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized

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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 our Hong Kong Share Registrar.

If you do not collect your refund check(s) and/or Share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form on or before Monday, July 15, 2019 by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Monday, July 15, 2019 by ordinary post and at your own risk.

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) will be sent to the address on the relevant Application Form on or before Monday, July 15, 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, July 15, 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, July 15, 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) *If you apply through the White Form eIPO service*

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from our Hong Kong Share Registrar, Computershare Hong

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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 Monday, July 15, 2019 or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund checks.

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 Monday, July 15, 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-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 check(s) by ordinary post at your own risk.

(iv) *If you apply via electronic application instructions to HKSCC*

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, July 15, 2019, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "11. Publication of Results" above on Monday, July 15, 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, July 15, 2019 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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 Monday, July 15, 2019. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the 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 Monday, July 15, 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

The following is the text of a report on Zhongliang Holdings Group Company 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.



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
Zhongliang Holdings Group Company Limited
CCB International Capital Limited

Dear Sirs,

We report on the historical financial information of Zhongliang Holdings Group Company Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-142, which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2016, 2017 and 2018 (the “Relevant Periods”), and the consolidated statements of financial position of the Group as at 31 December 2016, 2017 and 2018 and the statement of financial position of the Company as at 31 December 2018, 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-142 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 27 June 2019 (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' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2016, 2017 and 2018 and of the Company as at 31 December 2018 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

27 June 2019

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The 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 31 December | | |
|---|-------|------------------------|--------------|--------------|
| | | 2016 | 2017 | 2018 |
| | | RMB'000 | RMB'000 | RMB'000 |
| REVENUE | 5 | 2,925,411 | 14,026,299 | 30,214,688 |
| Cost of sales | | (2,308,844) | (11,166,324) | (23,303,847) |
| GROSS PROFIT | | 616,567 | 2,859,975 | 6,910,841 |
| Finance income | | 63,797 | 150,805 | 353,711 |
| Other income and gains | 5 | 163,475 | 24,517 | 95,045 |
| Selling and distribution expenses | | (405,186) | (823,698) | (1,333,901) |
| Administrative expenses | | (377,001) | (701,224) | (1,648,265) |
| Impairment losses on financial assets | | (473) | (2,162) | (10,964) |
| Other expenses | | (30,059) | (20,333) | (197,760) |
| Fair value gains on investment properties | 14 | 8,725 | 261,898 | 71,971 |
| Fair value gains/(losses) on financial assets at fair value through profit or loss | | 17,919 | (5,378) | (4,039) |
| Finance costs | 7 | (269,018) | (356,320) | (433,466) |
| Share of profits and losses of: | | | | |
| Joint ventures | | (29,053) | (134,844) | (82,242) |
| Associates | | (33,648) | 14,649 | 717,545 |
| (LOSS)/ PROFIT BEFORE TAX | 6 | (273,955) | 1,267,885 | 4,438,476 |
| Income tax credit/ (expense) | 10 | 4,186 | (769,311) | (1,912,189) |

| | Notes | Year ended 31 December | | |
|--|-------|------------------------|----------------|------------------|
| | | 2016 | 2017 | 2018 |
| | | RMB'000 | RMB'000 | RMB'000 |
| (LOSS)/ PROFIT FOR THE YEAR | | <u>(269,769)</u> | <u>498,574</u> | <u>2,526,287</u> |
| Attributable to: | | | | |
| Owners of the parent | | (168,627) | 502,667 | 1,931,336 |
| Non-controlling interests | | <u>(101,142)</u> | <u>(4,093)</u> | <u>594,951</u> |
| | | <u>(269,769)</u> | <u>498,574</u> | <u>2,526,287</u> |
| (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | | |
| Basic and diluted | 12 | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Notes | 31 December | | |
|---|-------|--------------------------|--------------------------|--------------------------|
| | | 2016 | 2017 | 2018 |
| | | RMB'000 | RMB'000 | RMB'000 |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 13 | 31,265 | 49,999 | 105,269 |
| Investment properties | 14 | 324,500 | 791,000 | 928,900 |
| Intangible assets | 15 | 574 | 570 | 455 |
| Investments in joint ventures | 16 | 27,639 | 415,602 | 2,584,059 |
| Investments in associates | 17 | 209,039 | 437,704 | 2,113,159 |
| Deferred tax assets | 18 | 253,117 | 980,902 | 1,852,380 |
| Prepayments and other receivables | 23 | — | 46,202 | 96,202 |
| Total non-current assets | | <u>846,134</u> | <u>2,721,979</u> | <u>7,680,424</u> |
| CURRENT ASSETS | | | | |
| Financial assets at fair value through profit or loss | 19 | 596,189 | 297,171 | 228,757 |
| Properties under development | 20 | 29,236,145 | 61,379,980 | 99,481,406 |
| Completed properties held for sale | 21 | 1,128,074 | 2,302,650 | 3,596,396 |
| Trade receivables | 22 | — | — | 4,354 |
| Due from related companies | 37 | 2,916,928 | 7,294,042 | 9,841,443 |
| Prepayments and other receivables | 23 | 2,916,072 | 7,713,749 | 22,209,895 |
| Tax recoverable | | 184,515 | 1,016,518 | 1,951,577 |
| Restricted cash | 24 | 3,383,921 | 5,030,343 | 7,892,069 |
| Pledged deposits | 24 | 269,646 | 705,958 | 636,777 |
| Cash and cash equivalents | 24 | <u>4,847,470</u> | <u>10,748,022</u> | <u>14,551,518</u> |
| Total current assets | | <u>45,478,960</u> | <u>96,488,433</u> | <u>160,394,192</u> |
| CURRENT LIABILITIES | | | | |
| Trade and bills payables | 25 | 1,986,681 | 4,839,542 | 8,498,295 |
| Other payables and accruals | 26 | 1,904,344 | 4,316,682 | 20,476,168 |
| Contract liabilities | 27 | 16,882,989 | 51,891,569 | 95,482,250 |
| Due to related companies | 37 | 4,411,521 | 9,849,122 | 7,419,138 |
| Interest-bearing bank and other borrowings | 28 | 9,792,133 | 7,561,064 | 14,468,672 |
| Tax payable | 10 | 135,541 | 1,182,504 | 1,960,281 |
| Provision for financial guarantee contracts | 38 | — | — | 84,869 |
| Other financial liabilities | | <u>22,217</u> | <u>40,991</u> | <u>59,284</u> |
| Total current liabilities | | <u>35,135,426</u> | <u>79,681,474</u> | <u>148,448,957</u> |
| NET CURRENT ASSETS | | <u>10,343,534</u> | <u>16,806,959</u> | <u>11,945,235</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | |
| | | <u>11,189,668</u> | <u>19,528,938</u> | <u>19,625,659</u> |

| | Notes | 31 December | | |
|--|-------|----------------|------------------|------------------|
| | | 2016 | 2017 | 2018 |
| | | RMB'000 | RMB'000 | RMB'000 |
| NON-CURRENT LIABILITIES | | | | |
| Interest-bearing bank and other borrowings | 28 | 10,434,493 | 16,915,281 | 12,536,245 |
| Deferred tax liabilities | 18 | 100,187 | 259,906 | 335,182 |
| Total non-current liabilities | | 10,534,680 | 17,175,187 | 12,871,427 |
| NET ASSETS | | 654,988 | 2,353,751 | 6,754,232 |
| EQUITY | | | | |
| Equity attributable to owners of the parent | | | | |
| Share capital | 29 | — | — | 85 |
| Reserves | 30 | (267,754) | 234,717 | 2,578,591 |
| | | (267,754) | 234,717 | 2,578,676 |
| Non-controlling interests | | 922,742 | 2,119,034 | 4,175,556 |
| TOTAL EQUITY | | 654,988 | 2,353,751 | 6,754,232 |

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to owners of the parent | | | | | | | | | | |
|--|--------------------------------------|---------------|----------------|-----------------|---------------------------|--|-----------|---------------------------|--------------|---------|---------|
| | Share capital | Share premium | Merger reserve | Capital reserve | Statutory surplus reserve | Retained profits/ losses (Accumulated) | Total | Non-controlling interests | Total equity | | |
| | | | | | | | | | | RMB'000 | RMB'000 |
| As at 1 January 2016 | — | —* | 600,000* | — | 6,585* | (505,712)* | 100,873 | 53,683 | 154,556 | | |
| Profit or loss for the year | — | — | — | — | — | (168,627) | (168,627) | (101,142) | (269,769) | | |
| Capital contribution from non-controlling shareholders of subsidiaries | — | — | — | — | — | — | — | 970,201 | 970,201 | | |
| Acquisition of subsidiaries by the Group from the then equity holder of subsidiaries | — | — | (200,000) | — | — | — | (200,000) | — | (200,000) | | |
| Appropriations to statutory surplus reserve | — | — | — | — | 18,504 | (18,504) | — | — | — | | |
| As at 31 December 2016 | — | —* | 400,000* | — | 25,089* | (692,843)* | (267,754) | 922,742 | 654,988 | | |
| As at 31 December 2016 and 1 January 2017 | — | —* | 400,000* | — | 25,089* | (692,843)* | (267,754) | 922,742 | 654,988 | | |
| Profit or loss for the year | — | — | — | — | — | 502,667 | 502,667 | (4,093) | 498,574 | | |
| Acquisition of subsidiaries | — | — | — | — | — | — | — | 113,307 | 113,307 | | |
| Capital contribution from non-controlling shareholders of subsidiaries | — | — | — | — | — | — | — | 1,086,882 | 1,086,882 | | |
| Appropriations to statutory surplus reserve | — | — | — | — | 128,072 | (128,268) | (196) | 196 | — | | |
| As at 31 December 2017 | — | —* | 400,000* | — | 153,161* | (318,444)* | 234,717 | 2,119,034 | 2,353,751 | | |

| Attributable to owners of the parent | | | | | | | | | |
|--|---------------|---------------|----------------|-----------------|---------------------------|--|-----------|---------------------------|--------------|
| | Share capital | Share premium | Merger reserve | Capital reserve | Statutory surplus reserve | Retained profits/ (Accumulated losses) | Total | Non-controlling interests | Total equity |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| As at 31 December 2017 and 1 January 2018 | — | —* | 400,000* | — | — | (318,444)* | 234,717 | 2,119,034 | 2,353,751 |
| Profit or loss for the period | — | — | — | — | 153,161* | 1,931,336 | 1,931,336 | 594,951 | 2,526,287 |
| Issuance of new shares | 85 | 954,732 | — | — | — | — | 954,817 | — | 954,817 |
| Capital contribution from non-controlling shareholders of subsidiaries | — | — | — | 21,755 | — | — | 21,755 | 1,222,547 | 1,244,302 |
| Acquisition of non-controlling interests | — | — | — | (167,087) | — | — | (167,087) | 167,087 | — |
| Acquisition of subsidiaries by the Group from the then equity holder of subsidiaries | — | — | (396,862) | — | — | — | (396,862) | — | (396,862) |
| Acquisition of subsidiaries | — | — | — | — | — | — | — | 71,937 | 71,937 |
| Appropriations to statutory surplus reserve | — | — | — | — | 453,358 | (453,358) | — | — | — |
| As at 31 December 2018 | 85 | 954,732* | 3,138* | (145,332)* | 606,519* | 1,159,534* | 2,578,676 | 4,175,556 | 6,754,232 |

* These reserve accounts represent the total consolidated reserves of RMB234,717,000 and RMB2,578,591,000 in the consolidated statements of financial position as at 31 December 2017 and 2018, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Notes | Year ended 31 December | | |
|---|-------|------------------------|--------------------|---------------------|
| | | 2016 | 2017 | 2018 |
| | | RMB'000 | RMB'000 | RMB'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| (Loss)/ profit before tax | | (273,955) | 1,267,885 | 4,438,476 |
| Adjustments for: | | | | |
| Depreciation of items of property, plant and equipment | 6,13 | 12,981 | 17,969 | 42,922 |
| Amortisation of intangible assets | 6,15 | 72 | 198 | 259 |
| Impairment losses recognised for properties under development | 6,20 | 22,173 | 5,988 | 54,800 |
| Impairment losses recognised for financial assets | 23 | 473 | 2,162 | 10,964 |
| (Gain)/loss on disposal of subsidiaries | | — | (14,389) | 23,215 |
| Gain on disposal of associates | 5 | (5,732) | — | (6,802) |
| Gain on bargain purchase | 5 | (153,223) | — | — |
| Share of profits and losses of joint ventures | | 29,053 | 134,844 | 82,242 |
| Share of profits and losses of associates | | 33,648 | (14,649) | (717,545) |
| Fair value gains on investment properties | 14 | (8,725) | (261,898) | (71,971) |
| Fair value (gains)/ losses on financial assets at fair value through profit or loss | | (17,919) | 5,378 | 4,039 |
| Finance costs | 7 | 269,018 | 356,320 | 433,466 |
| Finance income | | (63,797) | (150,805) | (353,711) |
| | | (155,933) | 1,349,003 | 3,940,354 |
| Increase in properties under development and completed properties held for sale | | (22,288,337) | (43,331,897) | (39,480,692) |
| Increase in prepayments and other receivables | | (2,958,221) | (1,983,138) | (11,242,826) |
| Increase in restricted cash | | (2,476,184) | (1,646,422) | (2,861,726) |
| (Increase)/decrease in pledged deposits | | (86,367) | (52,060) | 26,332 |
| Increase in trade receivables | | — | — | (4,354) |
| Increase in trade and bills payables | | 1,565,867 | 2,931,872 | 3,878,183 |
| Increase in other payables, and accruals | | 182,345 | 4,026,339 | 15,181,510 |
| Increase in contract liabilities | | 10,166,033 | 35,008,580 | 43,589,952 |
| Cash (used in)/generated from operations | | (16,050,797) | (3,697,723) | 13,026,733 |
| Interest received | | 64,531 | 147,552 | 285,047 |
| Interest paid | | (1,481,669) | (2,204,769) | (2,395,482) |
| Tax paid | | (160,267) | (1,082,847) | (2,879,352) |
| Net cash flows (used in)/generated from operating activities | | (17,628,202) | (6,837,787) | 8,036,946 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchases of items of property, plant and equipment | 13 | (25,926) | (37,539) | (48,227) |
| Purchases of intangible assets | 15 | (520) | (194) | (144) |
| Acquisition of financial assets at fair value through profit or loss | 19 | (578,270) | (20,753) | (2,500) |
| Acquisition of subsidiaries | | (572,695) | (1,726,463) | (405,681) |
| Disposal of financial assets at fair value through profit or loss | 19 | 12,000 | 314,393 | 66,875 |
| Investments in joint ventures and associates | | (269,785) | (757,228) | (3,467,757) |
| Disposal of investments in joint ventures and associates | | — | 3,850 | 101,318 |
| Purchases of investment properties | 14 | (143,775) | (204,602) | (65,929) |
| Advances to related companies | 37 | (746,499) | (23,739,203) | (37,936,060) |
| Repayment of advances to related companies | 37 | 3,663,427 | 28,116,317 | 30,251,462 |
| Net cash flows generated from/(used in) investing activities | | 1,337,957 | 1,948,578 | (11,506,643) |

| | Notes | Year ended 31 December | | |
|--|-------|------------------------|-------------------|-------------------|
| | | 2016 | 2017 | 2018 |
| | | RMB'000 | RMB'000 | RMB'000 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Issuance of new shares | | — | — | 954,817 |
| Capital contribution from non-controlling shareholders of subsidiaries | | 623,585 | 1,486,693 | 1,244,302 |
| Acquisition of subsidiaries by the Group from the then equity holder of subsidiaries | | (200,000) | — | (396,862) |
| Advances from related companies | 37 | 6,176,047 | 22,018,610 | 18,675,887 |
| Repayment of advances from related companies | 37 | (2,534,131) | (16,581,009) | (15,958,018) |
| (Increase)/ decrease in pledged deposits | | (146,665) | (384,252) | 42,849 |
| Proceeds from interest-bearing bank and other borrowings | | 19,190,719 | 15,867,596 | 31,287,963 |
| Repayment of interest-bearing bank and other borrowings | | (4,090,490) | (11,617,877) | (28,577,745) |
| Net cash flows generated from financing activities | | 19,019,065 | 10,789,761 | 7,273,193 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 2,728,820 | 5,900,552 | 3,803,496 |
| Cash and cash equivalents at beginning of year | | 2,118,650 | 4,847,470 | 10,748,022 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | 4,847,470 | 10,748,022 | 14,551,518 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | | |
| Cash and bank balances | 24 | 8,501,037 | 16,484,323 | 23,080,364 |
| Less: Restricted cash | 24 | 3,383,921 | 5,030,343 | 7,892,069 |
| Pledged deposits | 24 | 269,646 | 705,958 | 636,777 |
| CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CASH FLOWS | | 4,847,470 | 10,748,022 | 14,551,518 |

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | <u>Notes</u> | <u>31 December</u> <u>2018</u> <u>RMB'000</u> |
|--|--------------|---|
| NON-CURRENT ASSETS | | |
| Investment in subsidiaries | | — |
| Total non-current assets | | — |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 24 | 1,144 |
| Due from subsidiaries | 42 | 963,005 |
| Total current assets | | 964,149 |
| CURRENT LIABILITIES | | |
| Other payables and accruals | | 4,918 |
| Total current liabilities | | 4,918 |
| NET CURRENT ASSETS | | 959,231 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 959,231 |
| NET ASSETS | | 959,231 |
| EQUITY | | |
| Share capital | 29 | 85 |
| Reserves | 30 | 959,146 |
| TOTAL EQUITY | | 959,231 |

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the subsidiaries now comprising the Group were involved in property development, property leasing, and providing property management services and management consulting services. The immediate holding company of the Company is Liangzhong International Co., Ltd. The controlling shareholders of the Group are Mr. Yang Jian, Ms. Xu Xiaoqun, Liangzhong International Co., Ltd., Liangyi International Co., Ltd. and Liangtai International Co., Ltd. (the “Controlling Shareholders”).

The Company and its subsidiaries now comprising the Group underwent the Reorganisation which was completed on 21 September 2018 as set out in the paragraph headed “Reorganisation” in the section headed “Our History and Reorganisation” in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As of the date of report date, the Company had direct or indirect interests in more than 800 subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of the major subsidiaries are set out below:

| <u>Name of companies</u> | <u>Notes</u> | <u>Place and date of incorporation/ establishment and place of operations</u> | <u>Nominal value of registered share capital ('000)</u> | <u>Actual percentage of equity interest attributable to the Company</u> | <u>Principal activities</u> |
|--|--------------|---|---|---|-----------------------------|
| <i>Directly held:</i> | | | | | |
| Zhongliang International Development Company Limited | (1) | British Virgin Islands/ 27 March 2018 | US\$50 | 100.00% | Investment holding |
| Ample SINO Investments Limited | (1) | British Virgin Islands/ 3 July 2018 | US\$50 | 100.00% | Investment holding |
| <i>Indirectly held:</i> | | | | | |
| Zhongliang Hong Kong Property Investment Group Co. Limited | (1) | Hong Kong/ 29 March 2018 | HK\$50 | 100.00% | Investment holding |
| Heng Rong Co., Ltd. | (1) | Hong Kong/ 18 May 2018 | HK\$10 | 100.00% | Investment holding |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|---|-------|--|--|---|----------------------|
| 上海梁卓商務信息諮詢有限公司 Shanghai Liangzhuo Business Information Consulting Co., Ltd. | (1) | People's Republic of China ("PRC")/ Mainland China/ 9 July 2018 | RMB10,000 | 100.00% | Investment holding |
| 上海中梁企業發展有限公司 Shanghai Zhongliang Enterprise Development Co., Ltd. | (1) | PRC/Mainland China/ 26 August 2016 | RMB3,330,000 | 100.00% | Investment holding |
| 溫州市中梁華成置業有限公司 Wenzhou Zhongliang Huacheng Property Co., Ltd. . . | (1) | PRC/Mainland China/ 9 June 2011 | RMB100,000 | 100.00% | Property development |
| 浙江梁城置業有限公司 Zhejiang Liangcheng Property Co., Ltd. | (1) | PRC/Mainland China/ 23 June 2017 | RMB50,000 | 100.00% | Investment holding |
| 玉溪中梁城置業有限公司 Yuxi Zhongliangcheng Property Co., Ltd. | (1) | PRC/Mainland China/ 25 October 2017 | RMB20,000 | 65.80% | Property development |
| 溫州市中梁盛置業有限公司 Wenzhou Zhongliangsheng Property Co., Ltd. | (1) | PRC/Mainland China/ 20 January 2014 | RMB200,000 | 100.00% | Property development |
| 溫州市梁軒置業有限公司 Wenzhou Liangxuan Property Co., Ltd. | (1) | PRC/Mainland China/ 27 January 2016 | RMB20,000 | 93.19% | Property development |
| 樂清市中梁城置業有限公司 Yueqing Zhongliangcheng Property Co., Ltd. | (1) | PRC/Mainland China/ 24 January 2017 | RMB20,000 | 51.74% | Property development |
| 永嘉縣中梁城置業有限公司* Yongjia Zhongliangcheng Property Co., Ltd. | (1) | PRC/Mainland China/ 25 July 2017 | RMB50,000 | 45.12% | Property development |
| 麗水市梁軒置業有限公司 Lishui Liangxuan Property Co., Ltd. | (1) | PRC/Mainland China/ 18 July 2017 | RMB50,000 | 60.00% | Property development |
| 松陽縣中梁華董置業有限公司* Songyang Zhongliang Huadong Property Co., Ltd. | (1) | PRC/Mainland China/ 27 September 2016 | RMB20,000 | 33.40% | Property development |
| 雲和縣中梁城置業有限公司 Yunhe Zhongliangcheng Property Co., Ltd. | (1) | PRC/Mainland China/ 24 May 2017 | RMB20,000 | 59.17% | Property development |
| 福建中梁翼房地產開發有限公司 Fujian Zhongliangyi Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 20 January 2017 | RMB50,000 | 60.00% | Property development |
| 霞浦中梁府房地產開發有限公司 Xiapu Zhongliangfu Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 9 June 2017 | RMB100,000 | 60.00% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|---|-------|--|--|---|----------------------|
| 新昌縣中梁城置業有限公司 Xinchang Zhongliangcheng Property Co., Ltd. | (1) | PRC/Mainland China/ 15 June 2016 | RMB20,000 | 92.34% | Property development |
| 蒙城縣中梁銘築置業有限公司 Mengcheng Zhongliang Mingzhu Property Co., Ltd. | (1) | PRC/Mainland China/ 7 April 2017 | RMB50,000 | 74.00% | Property development |
| 濰溪縣梁築置業有限公司 Suixi Liangzhu Property Co., Ltd. | (1) | PRC/Mainland China/ 13 June 2017 | RMB71,420 | 65.80% | Property development |
| 濰溪縣梁隆置業有限公司* Suixi Lianglong Property Co., Ltd. | (1) | PRC/Mainland China/ 24 July 2017 | RMB50,000 | 48.02% | Property development |
| 北京中梁房地產開發有限公司 Beijing Zhongliang Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 4 September 2017 | RMB30,000 | 100.00% | Investment holding |
| 南通市通州區梁宏置業有限公司 Nantong Tongzhou Lianghong Property Co., Ltd. | (1) | PRC/Mainland China/ 29 November 2016 | RMB50,000 | 62.01% | Property development |
| 連雲港市聖承房地產開發有限公司 Lianyungang Shengcheng Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 10 January 2008 | RMB70,000 | 59.13% | Property development |
| 鹽城市中梁禦置業有限公司 Yancheng Zhongliangyu Property Co., Ltd. | (1) | PRC/Mainland China/ 29 August 2016 | RMB50,000 | 88.33% | Property development |
| 重慶匯庭房地產開發有限公司 Chongqing Huiting Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 21 August 2017 | RMB28,570 | 56.00% | Property development |
| 蘇州市宏邁置業有限公司 Suzhou Hongmai Property Co., Ltd. | (1) | PRC/Mainland China/ 2 May 2017 | RMB50,000 | 94.00% | Investment holding |
| 蘇州市宏雅置業有限公司* Suzhou Hongya Property Co., Ltd. | (1) | PRC/Mainland China/ 5 April 2017 | RMB10,000 | 39.90% | Investment holding |
| 蘇州梁軒置業有限公司 Suzhou Liangxuan Property Co., Ltd. | (1) | PRC/Mainland China/ 22 August 2016 | RMB10,000 | 100.00% | Investment holding |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|--|-------|--|--|---|----------------------|
| 蘇州市梁雨源置業有限公司 Suzhou Liangyuyuan Property Co., Ltd | (1) | PRC/Mainland China/ 15 July 2016 | RMB10,000 | 53.17% | Investment holding |
| 蘇州瑞都置業有限公司 Suzhou Ruidu Property Co., Ltd. | (1) | PRC/Mainland China/ 22 August 2016 | RMB10,000 | 94.00% | Investment holding |
| 蘇州恒融置業有限公司 Suzhou Hengrong Property Co., Ltd. | (1) | PRC/Mainland China/ 22 August 2016 | RMB10,000 | 94.00% | Investment holding |
| 揚州錦鴻置業有限公司 Yangzhou Jinhong Property Co., Ltd. | (1) | PRC/Mainland China/ 29 September 2017 | RMB50,000 | 84.90% | Property development |
| 泰安志錦置業有限公司* Taian Zhijin Property Co., Ltd. | (1) | PRC/Mainland China/ 26 July 2017 | RMB10,000 | 45.85% | Property development |
| 江蘇銀梧房地產開發有限公司* Jiangsu Yinwu Real Estate Development Limited | (1) | PRC/Mainland China/ 1 August 2014 | RMB80,000 | 49.82% | Property development |
| 安徽梁軒置業有限公司 Anhui Liangxuan Property Co., Ltd. | (1) | PRC/Mainland China/ 15 November 2016 | RMB350,000 | 65.80% | Investment holding |
| 安徽梁實置業有限公司 Anhui Liangshi Property Co., Ltd. | (1) | PRC/Mainland China/ 15 November 2016 | RMB50,000 | 64.69% | Investment holding |
| 河南倍福利置業有限公司 Henan Beifuli Property Co., Ltd. | (1) | PRC/Mainland China/ 10 July 2017 | RMB60,000 | 64.00% | Property development |
| 信陽梁鴻置業有限公司 Xinyang Lianghong Property Co., Ltd. | (1) | PRC/Mainland China/ 23 May 2017 | RMB60,000 | 56.40% | Property development |
| 焦作梁盛置業有限公司 Jiaozuo Liangsheng Property Co., Ltd. | (1) | PRC/Mainland China/ 14 September 2017 | RMB20,000 | 65.80% | Property development |
| 許昌梁豫置業有限公司 Xuchang Liangyu Property Co., Ltd. | (1) | PRC/Mainland China/ 28 September 2017 | RMB20,000 | 65.80% | Property development |
| 池州梁宏置業有限公司 Chizhou Lianghong Property Co., Ltd. | (1) | PRC/Mainland China/ 31 October 2017 | RMB50,000 | 65.80% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|---|-------|--|--|---|--|
| 銅陵市梁冠置業有限責任公司 Tongling Liangguan Property Co., Ltd. | (1) | PRC/Mainland China/ 17 March 2017 | RMB50,000 | 61.05% | Property development |
| 宣城梁生置業有限公司 Xuancheng Liangsheng Property Co., Ltd. | (1) | PRC/Mainland China/ 26 July 2017 | RMB10,000 | 54.71% | Property development |
| 宣城梁春置業有限公司 Xuancheng Liangchun Property Co., Ltd. | (1) | PRC/Mainland China/ 7 November 2017 | RMB20,000 | 65.80% | Property development |
| 成都中梁置業有限公司 Chengdu Zhongliang Property Co., Ltd. | (1) | PRC/Mainland China/ 3 August 2017 | RMB50,000 | 100.00% | Investment holding |
| 達州梁實置業有限公司 Dazhou Liangshi Property Co., Ltd. | (1) | PRC/Mainland China/ 5 May 2017 | RMB50,000 | 56.40% | Property development and property leasing |
| 安寧中梁城置業有限公司 Anning Zhongliangcheng Property Co., Ltd. | (1) | PRC/Mainland China/ 27 July 2017 | RMB20,000 | 95.80% | Property development |
| 安寧安梁置業有限公司 Anning Anliang Property Co., Ltd. | (1) | PRC/Mainland China/ 30 September 2017 | RMB20,000 | 65.80% | Property development |
| 昆明中梁達成房地產 開發有限公司* Kunming Zhongliang Dacheng Real Estate Development Limited | (1) | PRC/Mainland China/ 18 October 2017 | RMB10,000 | 33.57% | Property development |
| 湖北中梁地產有限公司 Hubei Zhongliang Real Estate Co., Ltd. | (1) | PRC/Mainland China/ 26 June 2017 | RMB30,000 | 100.00% | Investment holding |
| 重慶宛亦房地產開發有限公司 Chongqing Wanyi Real Estate Development Limited | (1) | PRC/Mainland China/ 25 October 2017 | RMB10,000 | 100.00% | Investment holding |
| 襄陽錦潤祥房地產開發有限公司 Xiangyang Jinrunxiang Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 3 April 2015 | RMB50,000 | 66.56% | Property development |
| 杭州中梁恒置業有限公司 Hangzhou Zhongliangheng Property Co., Ltd. | (1) | PRC/Mainland China/ 28 June 2017 | RMB50,000 | 100.00% | Investment holding |
| 嘉興市梁楹置業有限公司 Jiaxing Liangying Property Co., Ltd. | (1) | PRC/Mainland China/ 5 September 2016 | RMB500,000 | 61.74% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|---|-------|--|--|--|----------------------|
| 嘉興市中梁通置業有限公司 Jiaxing Zhongliangtong Property Co., Ltd. | (1) | PRC/Mainland China/ 3 June 2016 | RMB100,000 | 91.74% | Property development |
| 桐鄉市中梁盛置業有限公司 Tongxiang Zhongliangsheng Property Co., Ltd. | (1) | PRC/Mainland China/ 9 August 2016 | RMB50,000 | 91.48% | Property development |
| 桐鄉市梁達置業有限公司 Tongxiang Liangda Property Co., Ltd. | (1) | PRC/Mainland China/ 2 September 2016 | RMB50,000 | 91.33% | Property development |
| 景德鎮梁泰置業有限公司 Jingdezhen Liangtai Property Co., Ltd. | (1) | PRC/Mainland China/ 16 May 2017 | RMB50,000 | 91.00% | Property development |
| 興國縣中梁城置業有限公司* Xingguo Zhongliangcheng Property Co., Ltd. | (1) | PRC/Mainland China/ 28 June 2017 | RMB10,000 | 47.01% | Property development |
| 安福縣梁潤置業有限公司 Anfu Liangrun Property Co., Ltd. | (1) | PRC/Mainland China/ 18 August 2017 | RMB50,000 | 70.00% | Property development |
| 吉安市鑫瑞源房地產開發有限公司 Ji'an Xinruiyuan Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 6 April 2017 | RMB10,000 | 51.00% | Property development |
| 杭州中梁匯置業有限公司 Hangzhou Zhonglianghui Property Co., Ltd. | (1) | PRC/Mainland China/ 30 June 2017 | RMB50,000 | 100.00% | Investment holding |
| 淄博中梁龍置業有限公司 Zibo Zhonglianglong Property Co., Ltd. | (1) | PRC/Mainland China/ 18 August 2017 | RMB10,000 | 54.54% | Property development |
| 溫州市梁泰置業有限公司 Wenzhou Liangtai Property Co., Ltd. | (1) | PRC/Mainland China/ 19 April 2016 | RMB50,000 | 89.30% | Property development |
| 溫州市中梁龍置業有限公司 Wenzhou Zhonglianglong Property Co., Ltd. | (1) | PRC/Mainland China/ 20 December 2013 | RMB200,000 | 100.00% | Property development |
| 樂清市中梁恒置業有限公司 Yueqing Zhongliangheng Property Co., Ltd. | (1) | PRC/Mainland China/ 17 July 2017 | RMB50,000 | 64.00% | Property development |
| 樂清市中梁慶置業有限公司 Yueqing Zhongliangqing Property Co., Ltd. | (1) | PRC/Mainland China/ 23 October 2017 | RMB50,000 | 70.00% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|--|-------|---|--|--|----------------------|
| 台州市中梁龍置業有限公司 Taizhou Zhonglianglong Property Co., Ltd. | (1) | PRC/Mainland China/ 6 July 2016 | RMB50,000 | 97.00% | Property development |
| 台州市中梁皓置業有限公司 Taizhou Zhonglianghao Property Co., Ltd. | (1) | PRC/Mainland China/ 24 October 2016 | RMB10,000 | 75.80% | Property development |
| 台州市中梁慶置業有限公司 Taizhou Zhongliangqing Property Co., Ltd. | (1) | PRC/Mainland China/ 22 December 2016 | RMB10,000 | 76.20% | Property development |
| 台州市中梁軒置業有限公司 Taizhou Zhongliangxuan Property Co., Ltd. | (1) | PRC/Mainland China/ 11 January 2017 | RMB10,000 | 62.14% | Property development |
| 九江市中梁和置業有限公司 Jiujiang Zhonglianghe Property Co., Ltd. | (1) | PRC/Mainland China/ 14 February 2017 | RMB20,000 | 52.34% | Property development |
| 上饒市梁和置業有限公司 Shangrao Lianghe Property Co., Ltd. | (1) | PRC/Mainland China/ 24 August 2017 | RMB20,000 | 63.00% | Property development |
| 永修縣中梁和置業有限公司 Yongxiu Zhonglianghe Property Co., Ltd. | (1) | PRC/Mainland China/ 15 September 2017 | RMB20,000 | 65.80% | Property development |
| 上海中梁銘置業有限公司 Shanghai Zhongliangming Property Co., Ltd. | (1) | PRC/Mainland China/ 8 June 2015 | RMB100,000 | 100.00% | Investment holding |
| 上海中勛置業有限公司 Shanghai Zhongqing Property Co., Ltd. | (1) | PRC/Mainland China/ 29 July 2016 | RMB10,000 | 87.24% | Investment holding |
| 寧波拓城置業有限公司 Ningbo Tuocheng Property Co., Ltd. | (1) | PRC/Mainland China/ 9 May 2016 | RMB10,000 | 90.41% | Investment holding |
| 浙江中悅梁商置業有限公司 Zhejiang Zhongyue Liangshang Property Co., Ltd. | (1) | PRC/Mainland China/ 11 May 2016 | RMB100,000 | 100.00% | Investment holding |
| 杭州正悅實業有限公司 Hangzhou Zhengyue Industrial Co., Ltd. | (1) | PRC/Mainland China/ 23 March 2017 | RMB10,000 | 94.00% | Investment holding |
| 台州市黃岩梁泰置業有限公司 Taizhou Huangyan Liangtai Property Co., Ltd. | (1) | PRC/Mainland China/ 17 January 2017 | RMB20,000 | 87.24% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|--|-------|--|--|--|---|
| 玉環市梁信置業有限公司 Yuhuan Liangxin Property Co., Ltd. | (1) | PRC/Mainland China/ 9 October 2017 | RMB10,000 | 65.80% | Property development |
| 臨海市梁泰置業有限公司 Linhai Liangtai Property Co., Ltd. | (1) | PRC/Mainland China/ 26 October 2017 | RMB10,000 | 60.00% | Property development |
| 舟山市拓城置業有限公司 Zhoushan Tuocheng Property Co., Ltd. | (1) | PRC/Mainland China/ 26 October 2017 | RMB50,000 | 57.08% | Property development |
| 德州梁宏置業有限公司 Dezhou Lianghong Property Co., Ltd. | (1) | PRC/Mainland China/ 8 November 2017 | RMB50,000 | 95.80% | Property development |
| 濟源中梁宏耀置業有限公司 Jiyuan Zhongliang Hongyao Property Co., Ltd. | (1) | PRC/Mainland China/ 6 September 2017 | RMB50,000 | 56.19% | Property development |
| 許昌宏乾置業有限公司 Xuchang Hongqian Property Co., Ltd. | (1) | PRC/Mainland China/ 1 November 2017 | RMB50,000 | 65.80% | Property development |
| 浙江梁辰房地產開發有限公司 Zhejiang Liangchen Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 6 September 2017 | RMB50,000 | 100.00% | Investment holding |
| 平陽縣中梁府置業有限公司 Pingyang Zhongliangfu Property Co., Ltd. | (1) | PRC/Mainland China/ 12 August 2015 | RMB100,000 | 100.00% | Property development and property leasing |
| 平陽縣梁傑置業有限公司 Pingyang Liangjie Property Co., Ltd. | (1) | PRC/Mainland China/ 25 August 2017 | RMB10,000 | 94.00% | Property development |
| 蒼南縣中梁和置業有限公司 Cangnan Zhonglianghe Property Co., Ltd. | (1) | PRC/Mainland China/ 19 April 2017 | RMB10,000 | 94.86% | Property development |
| 蒼南縣中梁城置業有限公司 Cangnan Zhongliangcheng Property Co., Ltd. | (1) | PRC/Mainland China/ 5 January 2016 | RMB50,000 | 100.00% | Property development |
| 蒼南縣中梁宏置業有限公司 Cangnan Zhonglianghong Property Co., Ltd. | (1) | PRC/Mainland China/ 14 May 2015 | RMB50,000 | 55.00% | Property development |
| 蒼南縣中梁郡置業有限公司 Cangnan Zhongliangjun Property Co., Ltd. | (1) | PRC/Mainland China/ 12 May 2015 | RMB50,000 | 100.00% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|---|-------|--|--|---|----------------------|
| 蒼南縣中梁悅置業有限公司 Cangnan Zhongliangyue Property Co., Ltd. | (1) | PRC/Mainland China/ 23 November 2016 | RMB30,000 | 56.40% | Property development |
| 蒼南縣梁源置業有限公司 Cangnan Liangyuan Property Co., Ltd. | (1) | PRC/Mainland China/ 18 October 2017 | RMB10,000 | 94.00% | Property development |
| 瑞安市梁榮置業有限公司 Ruian Liangrong Property Co., Ltd. | (1) | PRC/Mainland China/ 1 April 2017 | RMB10,000 | 91.05% | Property development |
| 瑞安市梁潤置業有限公司 Ruian Liangrun Property Co., Ltd. | (1) | PRC/Mainland China/ 6 June 2017 | RMB10,000 | 94.00% | Property development |
| 湖州市中梁禦置業有限公司 Huzhou Zhongliangyu Property Co., Ltd. | (1) | PRC/Mainland China/ 12 October 2017 | RMB10,000 | 79.00% | Property development |
| 麗水市梁瑞置業有限公司 Lishui Liangrui Property Co., Ltd. | (1) | PRC/Mainland China/ 15 August 2016 | RMB20,000 | 70.00% | Property development |
| 溫州市中梁慶置業有限公司 Wenzhou Zhongliangqing Property Co., Ltd. | (1) | PRC/Mainland China/ 18 September 2014 | RMB200,000 | 100.00% | Property development |
| 舟山市中梁宏置業有限公司 Zhoushan Zhonglianghong Property Co., Ltd. | (1) | PRC/Mainland China/ 1 July 2016 | RMB50,000 | 100.00% | Property development |
| 商丘宏地置業有限公司 Shangqiu Hongdi Property Co., Ltd. | (1) | PRC/Mainland China/ 20 October 2017 | RMB50,000 | 80.00% | Property development |
| 煙台偉成房地產開發有限公司 Yantai Weicheng Real Estate Development Limited | (1) | PRC/Mainland China/ 23 May 2008 | RMB35,000 | 70.00% | Property development |
| 南充市中梁軒置業有限公司 Nanchong Zhongliangxuan Property Co., Ltd. | (1) | PRC/Mainland China/ 6 December 2017 | RMB50,000 | 65.80% | Property development |
| 舟山市豐澤置業有限公司 Zhoushan Fengze Property Co., Ltd. | (1) | PRC/Mainland China/ 27 December 2017 | RMB50,000 | 65.80% | Property development |
| 泰州市中梁盛置業有限公司 Taizhou Zhongliangsheng Property Co., Ltd. | (1) | PRC/Mainland China/ 19 December 2017 | RMB50,000 | 74.00% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|--|-------|--|--|--|----------------------|
| 福建家景置業有限公司* Fujian Jiajing Property Co., Ltd. | (1) | PRC/Mainland China/ 9 March 2009 | RMB110,000 | 35.70% | Property development |
| 福建中梁房地產開發有限公司 Fujian Zhongliang Real Estate Development Limited | (1) | PRC/Mainland China/ 18 December 2017 | RMB50,000 | 100.00% | Investment holding |
| 濮陽梁泰置業有限公司 Puyang Liangtai Property Co., Ltd. | (1) | PRC/Mainland China/ 9 October 2017 | RMB20,000 | 65.80% | Property development |
| 上饒市梁宸置業有限公司 Shangrao Liangchen Property Co., Ltd. | (1) | PRC/Mainland China/ 10 January 2018 | RMB20,000 | 94.00% | Property development |
| 銀川市梁潤置業有限公司 Yinchuan Liangrun Property Co., Ltd. | (1) | PRC/Mainland China/ 2 January 2018 | RMB50,000 | 100.00% | Property development |
| 榆林梁潤置業有限公司 Yulin Liangrun Property Co., Ltd. | (1) | PRC/Mainland China/ 17 January 2018 | RMB50,000 | 97.42% | Property development |
| 宿州梁榮置業有限公司 Suzhou Liangrong Property Co., Ltd. | (1) | PRC/Mainland China/ 5 January 2018 | RMB10,000 | 100.00% | Property development |
| 常德市中梁順房地產開發有限公司 Changde Zhongliangshun Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 12 January 2018 | RMB50,000 | 65.80% | Property development |
| 安吉梁安置業有限公司* Anji Liang'an Property Co., Ltd. | (1) | PRC/Mainland China/ 9 March 2018 | RMB10,000 | 47.94% | Property development |
| 安吉中梁置業有限公司* Anji Zhongliang Property Co., Ltd. | (1) | PRC/Mainland China/ 6 February 2018 | RMB10,000 | 36.66% | Property development |
| 臨汾市中梁城房地產開發有限公司 Linfen Zhongliangcheng Real Estate Development Limited .. | (1) | PRC/Mainland China/ 1 March 2018 | RMB90,000 | 70.00% | Property development |
| 鹽城凱信置業有限公司 Yancheng Kaixin Property Co., Ltd. | (1) | PRC/Mainland China/ 8 February 2018 | RMB26,667 | 52.00% | Property development |
| 鹽城市中梁信置業有限公司 Yancheng Zhongliangxin Property Co., Ltd. | (1) | PRC/Mainland China/ 15 March 2018 | RMB50,000 | 94.00% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|--|-------|--|--|---|----------------------|
| 濱州市順安置業有限公司* Binzhou Shun'an Property Co., Ltd. | (1) | PRC/Mainland China/ 19 October 2017 | RMB10,000 | 35.70% | Property development |
| 新沂市祥都置業有限公司 Xinyi Xiangdu Property Co., Ltd. | (1) | PRC/Mainland China/ 4 May 2018 | RMB20,000 | 60.00% | Property development |
| 蕪湖縣梁碩置業有限公司 Wuhu Liangshuo Property Co., Ltd. | (1) | PRC/Mainland China/ 28 April 2018 | RMB20,000 | 76.00% | Property development |
| 禹州梁信置業有限公司 Yuzhou Liangxin Property Co., Ltd. | (1) | PRC/Mainland China/ 11 April 2018 | RMB20,000 | 94.00% | Property development |
| 安康康梁置業有限公司 Ankang Kangliang Property Co., Ltd. | (1) | PRC/Mainland China/ 11 February 2018 | RMB50,000 | 94.00% | Property development |
| 眉山市中恒置業有限公司 Meishan Zhongheng Property Co., Ltd. | (1) | PRC/Mainland China/ 24 October 2017 | RMB8,000 | 51.20% | Property development |
| 綿陽仲梁置業有限公司 Mianyang Zhongliang Property Co., Ltd. | (1) | PRC/Mainland China/ 9 January 2018 | RMB50,000 | 65.80% | Property development |
| 平涼梁城置業有限公司 Pingliang Liangcheng Property Co., Ltd. | (1) | PRC/Mainland China/ 27 March 2018 | RMB50,000 | 65.80% | Property development |
| 四川富茂置業有限公司 Sichuan Fumao Property Co., Ltd. | (1) | PRC/Mainland China/ 20 March 2014 | RMB50,000 | 67.00% | Property development |
| 昭通市中頌梁居置業有限公司 Zhaotong Zhongsong Liangju Property Co., Ltd. | (1) | PRC/Mainland China/ 24 May 2018 | RMB10,000 | 100.00% | Property development |
| 包頭梁泉合業房地產開發 有限公司* Baotou Liangquan Heye Real Estate Development Limited | (1) | PRC/Mainland China/ 27 April 2018 | RMB50,000 | 42.30% | Property development |
| 宜城市禦融置業有限公司* Yicheng Yurong Property Co., Ltd. | (1) | PRC/Mainland China/ 5 February 2018 | RMB62,340 | 45.12% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|---|-------|---|--|--|----------------------|
| 株洲中梁房地產開發有限公司* Zhuzhou Zhongliang Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 26 March 2018 | RMB50,000 | 35.80% | Property development |
| 保山中梁置業有限公司 Baoshan Zhongliang Property Co., Ltd. | (1) | PRC/Mainland China/ 31 January 2018 | RMB50,000 | 70.00% | Property development |
| 大理中梁置業有限公司 Dali Zhongliang Property Co., Ltd. | (1) | PRC/Mainland China/ 28 April 2018 | RMB50,000 | 90.00% | Property development |
| 湖州市梁盛置業有限公司 Huzhou Liangsheng Property Co., Ltd. | (1) | PRC/Mainland China/ 2 March 2018 | RMB10,000 | 94.00% | Property development |
| 永康市華董中梁置業有限公司 Yongkang Huadong Zhongliang Property Co., Ltd. | (1) | PRC/Mainland China/ 22 January 2018 | RMB50,000 | 70.00% | Property development |
| 岳陽市中梁廣福置業有限公司* Yueyang Zhongliang Guangfu Property Co., Ltd. | (1) | PRC/Mainland China/ 29 March 2018 | RMB100,000 | 31.44% | Property development |
| 佛山高明梁盛置業有限公司 Foshan Gaoming Liangsheng Property Co., Ltd. | (1) | PRC/Mainland China/ 2 April 2018 | RMB10,000 | 94.00% | Property development |
| 溫州市嘉源置業有限公司* Wenzhou Jiayuan Property Co., Ltd. | (1) | PRC/Mainland China/ 28 December 2017 | RMB10,000 | 35.00% | Property development |
| 翁源梁盛置業有限公司 Wengyuan Liangsheng Property Co., Ltd. | (1) | PRC/Mainland China/ 25 April 2018 | RMB10,000 | 62.04% | Property development |
| 聊城梁宏置業有限公司 Liaocheng Lianghong Property Co., Ltd. | (1) | PRC/Mainland China/ 4 June 2018 | RMB50,000 | 85.00% | Property development |
| 許昌中梁宏盛置業有限公司 Xuchang Zhongliang Hongsheng Property Co., Ltd. | (1) | PRC/Mainland China/ 8 May 2018 | RMB50,000 | 60.00% | Property development |
| 江門市中梁置業有限公司 Jiangmen Zhongliang Property Co., Ltd. | (1) | PRC/Mainland China/ 23 April 2018 | RMB50,000 | 56.40% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|---|-------|--|--|---|--|
| 漳州中梁夢置業有限公司 Zhangzhou Zhongliangmeng Property Co., Ltd. | (1) | PRC/Mainland China/ 26 January 2018 | RMB50,000 | 65.80% | Property development |
| 台州市中梁宸置業有限公司 Taizhou Zhongliangchen Property Co., Ltd. | (1) | PRC/Mainland China/ 9 November 2016 | RMB50,000 | 65.80% | Property development |
| 樂清市中梁吳置業有限公司 Yueqing Zhonglianghao Property Co., Ltd. | (1) | PRC/Mainland China/ 7 November 2014 | RMB50,000 | 100.00% | Property development |
| 金華市中梁豪置業有限公司 Jinhua Zhonglianghao Property Co., Ltd. | (2) | PRC/Mainland China/ 28 September 2015 | RMB50,000 | 65.80% | Property development |
| 臨海市中梁源置業有限公司 Linhai Zhongliangyuan Property Co., Ltd. | (3) | PRC/Mainland China/ 16 September 2015 | RMB50,000 | 94.00% | Property development |
| 杭州元茂置業有限公司 Hangzhou Yuanmao Property Co., Ltd. | (4) | PRC/Mainland China/ 30 June 2016 | RMB250,000 | 77.95% | Property development |
| 東台顧家置業有限公司 Dongtai Gujia Property Co., Ltd. | (5) | PRC/Mainland China/ 24 June 2014 | RMB50,000 | 81.96% | Property development and property leasing |
| 張家港市中梁軒置業有限公司 Zhangjiagang Zhongliangxuan Property Co., Ltd. | (6) | PRC/Mainland China/ 9 May 2016 | RMB50,000 | 64.24% | Property development |
| 無錫錦華置業有限公司 Wuxi Jinhua Property Co., Ltd. | (7) | PRC/Mainland China/ 17 August 2016 | RMB50,000 | 70.73% | Property development |
| 徐州旭潤置業有限公司 Xuzhou Xurun Property Co., Ltd. | (8) | PRC/Mainland China/ 6 December 2016 | RMB20,000 | 94.00% | Property development |
| 徐州旭鑫置業有限公司 Xuzhou Xuxin Property Co., Ltd. | (9) | PRC/Mainland China/ 30 November 2016 | RMB20,000 | 94.00% | Property development |
| 蘇州瑞展置業開發有限公司* Suzhou Ruizhan Property Development Co., Ltd. | (10) | PRC/Mainland China/ 13 June 2016 | RMB50,000 | 30.00% | Property development |
| 蘇州鼎欣吳地房地產有限責任公司 Suzhou Dingxin Wudi Real Estate Development Co., Ltd. | (10) | PRC/Mainland China/ 1 August 2007 | RMB500,000 | 67.00% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|---|-------|--|--|--|---|
| 江陰華賢置業有限公司 Jiangyin Huaxian Property Co., Ltd. | (11) | PRC/Mainland China/ 15 May 2015 | RMB50,000 | 70.00% | Property development |
| 蕪湖梁宏置業有限公司 Wuhu Lianghong Property Co., Ltd. | (12) | PRC/Mainland China/ 31 August 2016 | RMB10,000 | 52.55% | Property development |
| 平湖市中梁瑞置業有限公司 Pinghu Zhongliangrui Property Co., Ltd. | (13) | PRC/Mainland China/ 5 September 2016 | RMB50,000 | 69.54% | Property development |
| 開化縣中梁泰置業有限公司 Kaihua Zhongliangtai Property Co., Ltd. | (14) | PRC/Mainland China/ 11 July 2016 | RMB50,000 | 58.85% | Property development |
| 海寧市御鴻置業有限公司* Haining Yuhong Property Co., Ltd. | (15) | PRC/Mainland China/ 4 November 2016 | RMB50,000 | 48.67% | Property development |
| 海寧市中梁御置業有限公司 Haining Zhongliangyu Property Co., Ltd. | (16) | PRC/Mainland China/ 13 June 2016 | RMB50,000 | 95.10% | Property development |
| 三門縣中梁恒置業有限公司 Sanmen Zhongliangheng Property Co., Ltd. | (17) | PRC/Mainland China/ 30 March 2016 | RMB30,000 | 70.60% | Property development and property leasing |
| 衢州市中梁創置業有限公司 Quzhou Zhongliangchuang Property Co., Ltd. | (18) | PRC/Mainland China/ 29 April 2016 | RMB50,000 | 100.00% | Property development |
| 樂清市中梁信置業有限公司 Yueqing Zhongliangxin Property Co., Ltd. | (19) | PRC/Mainland China/ 30 December 2015 | RMB50,000 | 65.00% | Property development |
| 樂清市中梁志置業有限公司 Yueqing Zhongliangzhi Property Co., Ltd. | (19) | PRC/Mainland China/ 6 July 2016 | RMB50,000 | 59.60% | Property development |
| 樂清市中梁軒置業有限公司 Yueqing Zhongliangxuan Property Co., Ltd. | (20) | PRC/Mainland China/ 14 July 2016 | RMB50,000 | 74.79% | Property development |
| 台州市中梁源置業有限公司 Taizhou Zhongliangyuan Property Co., Ltd. | (20) | PRC/Mainland China/ 10 May 2016 | RMB50,000 | 93.61% | Property development |
| 寧波市中梁宏置業有限公司 Ningbo Zhonglianghong Property Co., Ltd. | (21) | PRC/Mainland China/ 22 February 2016 | RMB50,000 | 92.68% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|--|-------|--|--|--|---|
| 余姚市中梁拓城置業有限公司 Yuyao Zhongliang Tuocheng Property Co., Ltd. | (22) | PRC/Mainland China/ 7 December 2016 | RMB10,000 | 52.55% | Property development |
| 余姚市中梁宏置業有限公司 Yuyao Zhonglianghong Property Co., Ltd. | (22) | PRC/Mainland China/ 5 January 2016 | RMB50,000 | 97.90% | Property development |
| 寧波中梁華城置業有限公司 Ningbo Zhongliang Huacheng Property Co., Ltd. | (23) | PRC/Mainland China/ 9 August 2016 | RMB10,000 | 90.41% | Property development |
| 諸暨市中梁置業有限公司 Zhuzhi Zhongliang Property Co., Ltd. | (24) | PRC/Mainland China/ 12 April 2016 | RMB150,000 | 92.94% | Property development |
| 諸暨市梁浩置業有限公司 Zhuzhi Lianghao Property Co., Ltd. | (24) | PRC/Mainland China/ 31 May 2016 | RMB30,000 | 92.88% | Property development |
| 上海中梁地產集團有限公司 Shanghai Zhongliang Real Estate Group Co., Ltd. | (25) | PRC/Mainland China/ 14 July 2009 | RMB300,000 | 100.00% | Investment holding |
| 蘭溪蘭悅置業有限公司 Lanxi Lanyue Property Co., Ltd. | (26) | PRC/Mainland China/ 10 February 2017 | RMB40,000 | 51.75% | Property development and property leasing |
| 青田梁悅置業有限公司 Qingtian Liangyue Property Co., Ltd. | (27) | PRC/Mainland China/ 9 February 2017 | RMB10,000 | 100.00% | Property development |
| 靖江中梁紅置業有限公司 Jingjiang Zhonglianghong Property Co., Ltd. | (28) | PRC/Mainland China/ 13 February 2017 | RMB50,000 | 61.04% | Property development |
| 江陰宏揚置業有限公司 Jiangyin Hongyang Property Co., Ltd. | (29) | PRC/Mainland China/ 2 March 2017 | RMB50,000 | 100.00% | Property development |
| 宜興市澄希置業有限公司 Yixing Chengxi Property Co., Ltd. | (30) | PRC/Mainland China/ 27 May 2017 | RMB50,000 | 100.00% | Property development |
| 泰州市華達置業有限公司 Taizhou Huada Property Co., Ltd. | (31) | PRC/Mainland China/ 15 April 2016 | RMB20,000 | 70.00% | Property development |
| 徐州中梁禦置業有限公司 Xuzhou Zhongliangyu Property Co., Ltd. | (32) | PRC/Mainland China/ 17 April 2017 | RMB750,000 | 90.40% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|---|-------|--|--|---|--|
| 邳州寶德置業有限公司* Pizhou Baode Property Co., Ltd. | (32) | PRC/Mainland China/ 30 March 2017 | RMB50,000 | 46.09% | Property development |
| 常州市瑞威置業有限公司* Changzhou Ruiwei Property Co., Ltd. | (33) | PRC/Mainland China/ 7 December 2010 | RMB495,535 | 39.90% | Property development |
| 南京梁鼎企業管理諮詢有限公司 Nanjing Liangding Management Consulting Co., Ltd. | (34) | PRC/Mainland China/ 29 June 2017 | RMB30,000 | 100.00% | Investment holding |
| 臨沂中梁龍置業有限公司 Linyi Zhonglianglong Property Co., Ltd. | (35) | PRC/Mainland China/ 10 October 2017 | RMB275,000 | 70.00% | Property development |
| 貴港中梁房地產開發有限公司* Guigang Zhongliang Real Estate Development Co., Ltd. | (35) | PRC/Mainland China/ 31 October 2017 | RMB10,000 | 49.00% | Property development |
| 贛州梁寧置業有限公司 Ganzhou Liangning Property Co., Ltd. | (36) | PRC/Mainland China/ 4 September 2017 | RMB15,000 | 55.80% | Property development |
| 贛州梁築置業有限公司 Ganzhou Liangzhu Property Co., Ltd. | (36) | PRC/Mainland China/ 11 May 2017 | RMB15,000 | 61.81% | Property development and property leasing |
| 贛州梁源置業有限公司 Ganzhou Liangyuan Property Co., Ltd. | (36) | PRC/Mainland China/ 17 May 2017 | RMB4,500 | 61.01% | Property development |
| 宣城梁鴻置業有限公司 Xuancheng Lianghong Property Co., Ltd. | (37) | PRC/Mainland China/ 16 February 2017 | RMB20,000 | 65.80% | Property development |
| 蕪湖梁盛置業有限公司* Wuhu Liangsheng Property Co., Ltd. | (38) | PRC/Mainland China/ 31 August 2017 | RMB50,000 | 47.06% | Property development |
| 蕪湖嵐宇置業有限公司 Wuhu Lanyu Property Co., Ltd. | (38) | PRC/Mainland China/ 15 December 2016 | RMB50,000 | 94.00% | Property development |
| 蕪湖梁冠置業有限公司 Wuhu Liangguan Property Co., Ltd. | (38) | PRC/Mainland China/ 6 January 2017 | RMB50,000 | 64.69% | Property development |
| 恩施市康城房地產開發有限公司 Enshi Kangcheng Real Estate Development Co., Ltd. | (39) | PRC/Mainland China/ 1 February 2016 | RMB10,000 | 65.80% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|--|-------|--|--|---|--|
| 長沙禦融房地產開發有限公司 Changsha Yurong Real Estate Development Co., Ltd. | (40) | PRC/Mainland China/ 9 June 2017 | RMB50,000 | 51.00% | Property development and property leasing |
| 衡陽梁宏房地產開發有限公司 Hengyang Lianghong Real Estate Development Co., Ltd. | (41) | PRC/Mainland China/ 21 September 2017 | RMB50,000 | 70.00% | Property development |
| 撫州市中梁軒置業有限公司 Fuzhou Zhongliangxuan Property Co., Ltd. | (42) | PRC/Mainland China/ 1 April 2017 | RMB50,000 | 51.73% | Property development |
| 青田金梁置業有限公司 Qingtian Jinliang Property Co., Ltd. | (43) | PRC/Mainland China/ 23 June 2016 | RMB10,000 | 80.00% | Property development and property leasing |
| 臨海市中梁信置業有限公司 Linhai Zhongliangxin Property Co., Ltd. | (44) | PRC/Mainland China/ 16 January 2017 | RMB10,000 | 77.24% | Property development |
| 寧波石成置業有限公司 Ningbo Shicheng Property Co., Ltd. | (45) | PRC/Mainland China/ 16 December 2016 | RMB10,000 | 56.40% | Property development |
| 象山思成置業有限公司 Xiangshan Sicheng Development Property Co., Ltd. | (45) | PRC/Mainland China/ 9 June 2017 | RMB10,000 | 80.00% | Property development |
| 浙江黃氏房地產開發有限公司 Zhejiang Huangshi Real Estate Development Property Co., Ltd. | (46) | PRC/Mainland China/ 27 October 2010 | RMB50,000 | 56.40% | Property development |
| 溫嶺市中梁豪置業有限公司 Wenling Zhonglianghao Property Co., Ltd. | (47) | PRC/Mainland China/ 3 February 2017 | RMB10,000 | 67.00% | Property development |
| 連雲港梁益房地產開發有限公司 Lianyungang Liangyi Real Estate Development Co., Ltd. | (48) | PRC/Mainland China/ 26 July 2018 | RMB50,000 | 100.00% | Property development |
| 贛州梁都置業有限公司 Ganzhou Liangdu Property Co., Ltd. | (49) | PRC/Mainland China/ 16 March 2018 | RMB10,000 | 100.00% | Property development |
| 贛州梁盛置業有限公司 Ganzhou Liangsheng Property Co., Ltd. | (50) | PRC/Mainland China/ 7 February 2017 | RMB15,000 | 61.44% | Property development |
| 贛州梁宏置業有限公司 Ganzhou Lianghong Property Co., Ltd. | (50) | PRC/Mainland China/ 30 December 2016 | RMB15,000 | 65.80% | Property development and property leasing |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|--|-------|--|--|---|--|
| 贛州瑞禦置業有限公司 Ganzhou Ruiyu Property Co., Ltd. | (51) | PRC/Mainland China/ 19 July 2017 | RMB10,000 | 100.00% | Property development |
| 寧國梁生置業有限公司* Ningguo Liangsheng Property Co., Ltd. | (52) | PRC/Mainland China/ 18 December 2017 | RMB20,000 | 38.51% | Property development |
| 隨州梁泰地產有限公司 Suizhou Liangtai Real Estate Co., Ltd. | (53) | PRC/Mainland China/ 7 May 2018 | RMB30,000 | 50.80% | Property development |
| 興國縣梁鵬置業有限公司 Xingguo Liangpeng Property Co., Ltd. | (54) | PRC/Mainland China/ 14 November 2017 | RMB50,000 | 100.00% | Property development |
| 東陽市中梁泰和置業有限公司 Dongyang Zhongliang Taihe Property Co., Ltd. | (55) | PRC/Mainland China/ 25 January 2018 | RMB200,000 | 75.00% | Property development |
| 東陽市中梁軒置業有限公司 Dongyang Zhongliangxuan Property Co., Ltd. | (55) | PRC/Mainland China/ 26 October 2017 | RMB50,000 | 55.00% | Property development |
| 上饒市天成置業有限公司* Shangrao Tiancheng Property Co., Ltd. | (56) | PRC/Mainland China/ 20 October 2017 | RMB10,000 | 30.80% | Property development |
| 溫州市梁安置業有限公司 Wenzhou Liang'an Property Co., Ltd. | (57) | PRC/Mainland China/ 8 June 2015 | RMB100,000 | 100.00% | Property development and property leasing |
| 樅陽梁宏置業有限公司 Zongyang Lianghong Property Co., Ltd. | (1) | PRC/Mainland China/ 27 June 2018 | RMB50,000 | 100.00% | Property development |
| 溫嶺市中梁泰置業有限公司* Wenling Zhongliangtai Property Co., Ltd. | (1) | PRC/Mainland China/ 20 December 2017 | RMB50,000 | 48.00% | Property development |
| 上饒市林和置業有限公司 Shangrao Linhe Property Co., Ltd. | (1) | PRC/Mainland China/ 27 February 2018 | RMB20,000 | 94.00% | Property development |
| 肇慶市梁浩置業有限公司 Zhaoqing Lianghao Property Co., Ltd. | (1) | PRC/Mainland China/ 1 June 2018 | RMB50,000 | 100.00% | Property development |
| 漳州中梁房地產開發有限公司 Zhangzhou Zhongliang Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 8 June 2018 | RMB50,000 | 70.00% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|--|-------|--|--|---|----------------------|
| 慶元縣中梁城置業有限公司 Qingyuan Zhongliangcheng Property Co., Ltd. | (1) | PRC/Mainland China/ 3 July 2018 | RMB50,000 | 64.64% | Property development |
| 普洱中梁瑞置業有限公司 Puer Zhongliangrui Property Co., Ltd. | (1) | PRC/Mainland China/ 26 June 2018 | RMB20,000 | 100.00% | Property development |
| 徐州祥寧置業有限公司 Xuzhou Xiangning Property Co., Ltd. | (1) | PRC/Mainland China/ 14 June 2018 | RMB20,000 | 94.00% | Property development |
| 棗莊中梁置業有限公司 Zaozhuang Zhongliang Property Co., Ltd. | (1) | PRC/Mainland China/ 13 June 2018 | RMB50,000 | 65.80% | Property development |
| 德清中梁宏置業有限公司 Deqing Zhonglianghong Property Co., Ltd. | (1) | PRC/Mainland China/ 6 June 2018 | RMB50,000 | 95.00% | Property development |
| 鄂州梁泰地產有限公司 Ezhou Liangtai Real Estate Co., Ltd. | (1) | PRC/Mainland China/ 22 June 2018 | RMB30,000 | 65.00% | Property development |
| 平陽縣梁博置業有限公司 Pingyang Liangbo Property Co., Ltd. | (1) | PRC/Mainland China/ 22 June 2018 | RMB10,000 | 100.00% | Property development |
| 武平縣中梁隆置業有限公司 Wuping Zhonglianglong Property Co., Ltd. | (1) | PRC/Mainland China/ 22 June 2018 | RMB10,000 | 100.00% | Property development |
| 萊蕪中梁置業有限公司 Laiwu Zhongliang Property Co., Ltd. | (1) | PRC/Mainland China/ 15 June 2018 | RMB10,000 | 70.50% | Property development |
| 銅川中梁宏業置業有限公司 Tongchuan Zhongliang Hongye Property Co., Ltd. | (1) | PRC/Mainland China/ 27 June 2018 | RMB200,000 | 65.80% | Property development |
| 唐山梁鼎房地產開發有限公司 Tangshan Liangding Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 19 June 2018 | RMB10,000 | 64.75% | Property development |
| 榆林泰興房地產開發有限公司 Yulin Taixing Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 14 December 2017 | RMB50,000 | 67.62% | Property development |
| 高州梁盛置業有限公司 Gaozhou Liangsheng Property Co., Ltd. | (1) | PRC/Mainland China/ 15 June 2018 | RMB10,000 | 100.00% | Property development |

| <u>Name of companies</u> | <u>Notes</u> | <u>Place and date of incorporation/ establishment and place of operations</u> | <u>Nominal value of registered share capital ('000)</u> | <u>Actual percentage of equity interest attributable to the Company</u> | <u>Principal activities</u> |
|---|--------------|---|---|---|-----------------------------|
| 樂清市梁智置業有限公司 Yueqing Liangzhi Property Co., Ltd. | (1) | PRC/Mainland China/ 17 July 2018 | RMB50,000 | 100.00% | Property development |
| 平陽縣梁坤置業有限公司 Pingyang Liangkun Property Co., Ltd. | (1) | PRC/Mainland China/ 26 July 2018 | RMB10,000 | 100.00% | Property development |
| 海門市源豐置業有限公司 Haimen Yuangfeng Property Co., Ltd. | (1) | PRC/Mainland China/ 3 July 2018 | RMB20,000 | 56.40% | Property development |
| 瀏陽梁盛房地產開發有限公司 Liuyang Liangsheng Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 23 July 2018 | RMB10,000 | 100.00% | Property development |
| 淄博梁軒置業有限公司 Zibo Liangxuan Property Co., Ltd. | (1) | PRC/Mainland China/ 25 July 2018 | RMB10,000 | 100.00% | Property development |
| 南陽中梁宏城置業有限公司** Nanyang Zhongliang Hongcheng Property Co., Ltd. ("Nanyang Zhongliang") | (1) | PRC/Mainland China/ 21 August 2018 | RMB50,000 | 50.00% | Property development |
| 玉山縣梁輝置業有限公司 Yushan Lianghui Property Co., Ltd. | (1) | PRC/Mainland China/ 13 July 2018 | RMB20,000 | 100.00% | Property development |
| 蒼南縣梁澤置業有限公司 Cangnan Liangze Property Co., Ltd. | (1) | PRC/Mainland China/ 31 July 2018 | RMB10,000 | 100.00% | Property development |
| 平陽縣梁江置業有限公司 Pingyang Liangjiang Property Co., Ltd. | (1) | PRC/Mainland China/ 21 August 2018 | RMB10,000 | 100.00% | Property development |
| 潮州梁盛置業有限公司 Chaozhou Liangsheng Property Co., Ltd. | (1) | PRC/Mainland China/ 17 August 2018 | RMB10,000 | 100.00% | Property development |
| 廣西梁貴置業有限公司 Guangxi Lianggui Property Co., Ltd. | (1) | PRC/Mainland China/ 14 August 2018 | RMB50,000 | 100.00% | Property development |
| 武義縣中梁創置業有限公司 Wuyi Zhongliangchuang Property Co., Ltd. | (1) | PRC/Mainland China/ 20 August 2018 | RMB200,000 | 100.00% | Property development |
| 欽州梁淇置業有限公司 Qinzhou Liangqi Property Co., Ltd. | (1) | PRC/Mainland China/ 13 August 2018 | RMB10,000 | 100.00% | Property development |

| Name of companies | Notes | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital ('000) | Actual percentage of equity interest attributable to the Company | Principal activities |
|---|-------|--|--|---|----------------------|
| 上海待岳實業有限公司 Shanghai Daiyue Industrial Co., Ltd. | (1) | PRC/Mainland China/ 14 May 2018 | RMB1,000 | 100.00% | Investment holding |
| 溫州市梁彤置業有限公司 Wenzhou Liangtong Property Co., Ltd. | (1) | PRC/Mainland China/ 21 November 2018 | RMB10,000 | 51.00% | Property development |
| 南陽中梁漢承置業有限公司* Nanyang Zhongliang Hancheng Property Co., Ltd. . . | (1) | PRC/Mainland China/ 17 October 2018 | RMB50,000 | 30.00% | Property development |
| 沈陽梁泰房地產開發有限公司 Shenyang Liangtai Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 15 November 2018 | RMB10,000 | 100.00% | Property development |
| 宿遷市梁錫旺置業有限公司 Suqian Liangxiwang Property Co., Ltd. | (1) | PRC/Mainland China/ 19 November 2018 | RMB20,000 | 100.00% | Property development |
| 邳州鑫德房地產開發有限公司* Pizhou Xinde Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 16 November 2018 | RMB20,000 | 46.09% | Property development |
| 揚州梁瑞置業有限公司 Yangzhou Liangrui Property Co., Ltd. | (1) | PRC/Mainland China/ 9 October 2018 | RMB20,000 | 95.80% | Property development |
| 常州梁盛置業有限公司 Changzhou Liangsheng Property Co., Ltd. | (1) | PRC/Mainland China/ 10 October 2018 | RMB20,000 | 70.00% | Property development |
| 桃江縣梁瑞房地產開發有限公司 Taojiang Liangrui Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 14 November 2018 | RMB10,000 | 100.00% | Property development |
| 甘肅恒梁房地產開發有限公司 Gansu Hengliang Real Estate Development Co., Ltd. | (1) | PRC/Mainland China/ 9 October 2018 | RMB50,000 | 100.00% | Property development |
| 湖北明昌梁置業有限公司 Hubei Mingchangliang Property Co., Ltd. | (1) | PRC/Mainland China/ 6 December 2018 | RMB30,000 | 100.00% | Property development |
| 溫嶺市中梁源置業有限公司 Wenling Zhongliangyuan Property Co., Ltd. | (1) | PRC/Mainland China/ 25 June 2015 | RMB50,000 | 70.80% | Property development |
| 贛州梁隆置業有限公司 Ganzhou Lianglong Property Co., Ltd. | (36) | PRC/Mainland China/ 8 August 2017 | RMB10,000 | 86.93% | Property development |

- * As the Group has exposure or rights to variable returns from its involvement with those companies, and has the ability to affect those returns through its majority voting position and the existing rights to direct the relevant activities including but not limited to the budget, pricing and promotion strategies of these companies, the Group has control over these companies and these companies are thus accounted for as subsidiaries of the Group.
- ** Nanyang Zhongliang is accounted for as the subsidiary of the Group because the Group owns 51% of the voting rights according to the articles of association of Nanyang Zhongliang and the Group has exposure or rights to variable returns from its involvement with Nanyang Zhongliang, and has the ability to affect those returns through its majority voting position and the existing rights to direct the relevant activities including but not limited to the budget, pricing and promotion strategies of these companies, the Group has control over Nanyang Zhongliang.
- (1) No audited financial statements have been prepared for these entities since incorporation, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.
 - (2) The statutory financial statements of this entity for the years ended 31 December 2016 prepared in accordance with PRC generally accepted accounting principles (“GAAP”) in the PRC, and regulations were audited by Jinhua Jinzhengda United Certified Public Accountants (金華金正大聯合會計師事務所), a certified public accounting firm registered in the PRC.
 - (3) The statutory financial statements of this entity for the years ended 31 December 2016 and 2017 prepared in accordance with PRC GAAP and regulations were audited by Taizhou Zhongheng Certified Public Accountants Co., Ltd. (台州中衡會計師事務所有限公司) and Wenzhou Zhongyuan Lide Certified Public Accountants (溫州中源立德會計師事務所), respectively, certified public accounting firms registered in the PRC.
 - (4) The statutory financial statements of these entities for the years ended 31 December 2016 prepared in accordance with PRC GAAP and regulations were audited by Zhejiang Zhongrui Wisdom Certified Public Accountants (浙江中瑞唯斯達會計師事務所), and for the year ended 31 December 2017 were audited by Hangzhou Yongxin Certified Public Accountants Co.,Ltd (杭州永信會計師事務所有限公司), certified public accounting firms registered in the PRC.
 - (5) The statutory financial statements of this entity for the year ended 31 December 2016 prepared in accordance with PRC GAAP and regulations were audited by Yancheng Zhongbo Certified Public Accountants (鹽城中博華聯合會計師事務所), a certified public accounting firm registered in the PRC.
 - (6) The statutory financial statements of this entity for the years ended 31 December 2016 and 2017 prepared in accordance with PRC GAAP and regulations were audited by Jiangyin Bridge Certified Public Accountants Co., Ltd. (江陰大橋會計師事務所有限公司), a certified public accounting firm registered in the PRC.
 - (7) The statutory financial statements of this entity for the years ended 31 December 2016 and 2017 prepared in accordance with PRC GAAP and regulations were audited by Wuxi Huaxia Zhongcheng Certified Public Accountants (無錫華夏中誠會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.
 - (8) The statutory financial statements of this entity for the years ended 31 December 2016, 2017 and 2018 prepared in accordance with PRC GAAP and regulations were audited by Xuzhou Xunda Certified Public Accountants (徐州迅達會計師事務所), Shanghai Tianxing Certified Public Accountants (上海天行會計師事務所(普通合夥)) and Shanghai Tianxing Certified Public Accountants (上海天行會計師事務所(普通合夥)), respectively, certified public accounting firms registered in the PRC.
 - (9) The statutory financial statements of this entity for the years ended 31 December 2016, 2017 and 2018 prepared in accordance with PRC GAAP and regulations were audited by Xuzhou Yiming Certified Public Accountants General Partnership (徐州一鳴會計師事務所(普通合夥)), Shanghai Tianxing Certified Public Accountants (上海天行會計師事務所(普通合夥)) and Shanghai Tianxing Certified Public Accountants (上海天行會計師事務所(普通合夥)), respectively, certified public accounting firms registered in the PRC.

- (10) The statutory financial statements of these entities for the year ended 31 December 2016 prepared in accordance with PRC GAAP and regulations were audited by Suzhou Xingyuan United Certified Public Accountants General Partnership (蘇州興遠聯合會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.
- (11) The statutory financial statements of this entity for the year ended 31 December 2016 prepared in accordance with PRC GAAP and regulations were audited by Jiangyin Bridge Certified Public Accountants Co., Ltd. (江陰大橋會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (12) The statutory financial statements of this entity for the years ended 31 December 2016 and 2017 prepared in accordance with PRC GAAP and regulations were audited by Anhui New Pingtai certified Public Accountants Co., Ltd. (安徽新平泰會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (13) The statutory financial statements of this entity for the years ended 31 December 2016 and 2017 prepared in accordance with PRC GAAP and regulations were audited by Jiaying Jiacheng United Certified Public Accountants (嘉興市嘉誠聯合會計師事務所), a certified public accounting firms registered in the PRC.
- (14) The statutory financial statements of this entity for the years ended 31 December 2016 and 2017 prepared in accordance with PRC GAAP and regulations were audited by Shaoxing Tianhe United Certified Public Accountants (紹興天和聯合會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.
- (15) The statutory financial statements of this entity for the year ended 31 December 2016 prepared in accordance with PRC GAAP and regulations were audited by Zhejiang Zhengjian Certified Public Accountants Co., Ltd. (浙江正健會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (16) The statutory financial statements of this entity for the year ended 31 December 2016 prepared in accordance with PRC GAAP and regulations were audited by Wenzhou Zhongyuan Lide Certified Public Accountants (溫州中源立德會計師事務所), a certified public accounting firm registered in the PRC.
- (17) The statutory financial statements of this entity for the year ended 31 December 2016 prepared in accordance with PRC GAAP and regulations were audited by Taizhou City Zhedong Certified Public Accountants General Partnership (台州市浙東會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.
- (18) The statutory financial statements of this entity for the year ended 31 December 2016 and 2017 prepared in accordance with PRC GAAP and regulations were audited by Shaoxing Tianhe United Certified Public Accountants (紹興天和聯合會計師事務所), a certified public accounting firm registered in the PRC.
- (19) The statutory financial statements of this entity for the year ended 31 December 2016 prepared in accordance with PRC GAAP and regulations were audited by Wenzhou Zhongyuan Lide Certified Public Accountants (溫州中源立德會計師事務所), a certified public accounting firm registered in the PRC.
- (20) The statutory financial statements of these entities for the year ended 31 December 2016 prepared in accordance with PRC GAAP and regulations were audited by Wenzhou Chengda Certified Public Accountants (溫州誠達會計師事務所), a certified public accounting firm registered in the PRC.
- (21) The statutory financial statements of this entity for the year ended 31 December 2016 prepared in accordance with PRC GAAP and regulations were audited by Ningbo Chenglian Certified Public Accountants (寧波誠聯會計師事務所), a certified public accounting firm registered in the PRC.

- (22) The statutory financial statements of these entities for the years ended 31 December 2016 and 2017 prepared in accordance with PRC GAAP and regulations were audited by Yuyao Yongxin Certified Public Accountants (余姚永信會計師事務所), a certified public accounting firm registered in the PRC.
- (23) The statutory financial statements of this entity for the years ended 31 December 2016 and 2017 prepared in accordance with PRC GAAP and regulations were audited by Ningbo Tianyuan Certified Public Accountants (寧波天元會計師事務所有限公司) and Ningboshi Yinzhou Yinhuihao Certified Public Accountants (寧波市鄞州鄞匯浩會計師事務所), respectively, certified public accounting firms registered in the PRC.
- (24) The statutory financial statements of these entities for the years ended 31 December 2016 prepared in accordance with PRC GAAP and regulations were audited by Zhuji Tianyang Certified Public Accountants Co., Ltd. (諸暨天陽會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (25) The statutory financial statements of this entity for the years ended 31 December 2016 and 2017 prepared in accordance with PRC GAAP and regulations were audited by Zhongxing Caiguanghua Certified Public Accountants Shanghai LLP (中興財光華會計事務所(特殊普通合夥)上海分所), a certified public accounting firm registered in the PRC.
- (26) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Lanxi Kai Tai Certified Public Accountants Co., Ltd. (蘭溪開泰會計師事務所有限責任公司), a certified public accounting firm registered in the PRC.
- (27) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Qingtian Tianwei Certified Public Accountants Co., Ltd. (青田天威會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (28) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Yangzhou Chengrui Certified Public Accountants (揚州誠瑞會計師事務所), a certified public accounting firm registered in the PRC.
- (29) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Jiangyin Bridge Certified Public Accountants Co., Ltd. (江陰大橋會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (30) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Wuxi Dafang Certified Public Accountants General Partnership (無錫大方會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.
- (31) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Taizhou Mingrui Certified Public Accountants Co., Ltd. (泰州市明瑞會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (32) The statutory financial statements of these entities for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Shanghai Tianxing Certified Public Accountants General Partnership (上海天行會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.
- (33) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Changzhou Xinhua Ruihe United Certified Public Accountants (常州市新華瑞聯合會計師事務所), a certified public accounting firm registered in the PRC.

- (34) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Tianxing Certified Tax Agency Co., Ltd. (江蘇天行稅務師事務所有限公司), a certified public accounting firm registered in the PRC.
- (35) The statutory financial statements of these entities for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Reanda Certified Public Accountants Jiangxi LLP (利安達會計師事務所(特殊普通合夥)江西分所), a certified public accounting firm registered in the PRC.
- (36) The statutory financial statements of these entities for the year ended 31 December 2017 and 2018 prepared in accordance with PRC GAAP and regulations were audited by Jiangxi Huatai Certified Public Accountants Co., Ltd. (江西華泰會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (37) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Anhui Hengjian Certified Public Accountants General Partnership (安徽宣寧會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.
- (38) The statutory financial statements of these entities for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Anhui New Pingtai Certified Public Accountants Co., Ltd. (安徽新平泰會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (39) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Enschde Hong Certified Public Accountants (恩施德泓會計師事務所), a certified public accounting firm registered in the PRC.
- (40) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Hunan Ruinuo Certified Public Accountants Co., Ltd. (湖南瑞諾會計師事務所有限責任公司), a certified public accounting firms registered in the PRC.
- (41) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Hunan Liangcai Certified Public Accountants (湖南良才聯合會計師事務所), a certified public accounting firm registered in the PRC.
- (42) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Fuzhou Hongputai United Certified Public Accountants (撫州宏普泰聯合會計師事務所), a certified public accounting firm registered in the PRC.
- (43) The statutory financial statements of this entity for the years ended 31 December 2016 and 2017 prepared in accordance with PRC GAAP and regulations were audited by Qingtian Tianwei Certified Public Accountants Co., Ltd. (青田天威會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (44) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Wenzhou Zhongyuan Lide Certified Public Accountants (溫州中源立德會計師事務所), a certified public accounting firm registered in the PRC.
- (45) The statutory financial statements of these entities for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Ningbo Guosui Certified Public Accountants Co. Ltd. (寧波國穗會計師事務所有限公司), a certified public accounting firm registered in the PRC.

- (46) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Jiande Xinan Certified Public Accountants (建德信安會計師事務所), a certified public accounting firm registered in the PRC.
- (47) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Taizhou Tianyi Certified Public Accountants (台州天一會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (48) The statutory financial statements of this entity for the years ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Lianyungang Longxiang United Certified Public Accountants (連雲港龍翔會計師事務所), a certified public accounting firm registered in the PRC.
- (49) The statutory financial statements of this entity for the years ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Jiangxi Huatai United Certified Public Accountants (江西華泰會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (50) The statutory financial statements of this entity for the years ended 31 December 2017 and 2018 prepared in accordance with PRC GAAP and regulations were audited by Reanda Certified Public Accountants Jiangxi LLP (利安達會計師事務所(特殊普通合伙)江西分所) and Jiangxi Huatai United Certified Public Accountants (江西華泰會計師事務所有限公司), respectively, certified public accounting firms registered in the PRC.
- (51) The statutory financial statements of this entity for the years ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Jiangxi Huatai United Certified Public Accountants (江西華泰會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (52) The statutory financial statements of this entity for the years ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Anhui Xinnanfang United Certified Public Accountants (安徽新南方會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (53) The statutory financial statements of this entity for the years ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Suizhou Fangzheng United Certified Public Accountants (隨州方正有限責任會計師事務所), a certified public accounting firm registered in the PRC.
- (54) The statutory financial statements of this entity for the years ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Jiangxi Lianxing United Certified Public Accountants (江西聯信會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (55) The statutory financial statements of these entities for the years ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Shaoxing Tianhe United Certified Public Accountants (紹興天和聯合會計師事務所), a certified public accounting firm registered in the PRC.
- (56) The statutory financial statements of this entity for the years ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Jiangxi Tianxiang United Certified Public Accountants (江西天翔會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (57) The statutory financial statements of this entity for the years ended 31 December 2018 prepared in accordance with PRC GAAP and regulations were audited by Wenzhou Ruili United Certified Public Accountants (溫州睿立會計師事務所有限公司), a certified public accounting firm registered in the PRC.

The English names of the companies registered in Mainland China referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

The directors of the Group are of the view that there are no individually significant non-controlling interests in the partly-owned subsidiaries.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed “Reorganisation” in the section headed “Our history, Reorganisation and Corporate Structure” in the Prospectus, the Company became the holding company of the companies now comprising the Group on 21 September 2018. The companies now comprising the Group were under the common control of the Controlling Shareholders before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation 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 Shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2016, 2017 and 2018 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholders’ perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries held by parties other than the Controlling Shareholders, and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

Profit or loss is 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 1 January 2018, 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 Group has adopted IFRS 9 and IFRS 15 on a consistent basis throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss (“FVPL”) and other financial liabilities which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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 | <i>Definition of a Business</i> ² |
| Amendments to IFRS 9 | <i>Prepayment Features with Negative Compensation</i> ¹ |
| Amendments to IFRS 10 and IAS 28 | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴ |
| IFRS 16 | <i>Leases</i> ¹ |
| IFRS 17 | <i>Insurance Contracts</i> ³ |
| Amendments to IAS 19 | <i>Plan Amendment, Curtailment or Settlement</i> ¹ |
| Amendments to IAS 28 | <i>Long-term Interests in Associates and Joint Ventures</i> ¹ |
| Amendments to IAS 1 and IAS 8 | <i>Definition of Material</i> ² |
| IFRIC 23 | <i>Uncertainty over Income Tax Treatments</i> ¹ |
| <i>Annual Improvements to IFRSs 2015-2017 Cycle</i> | Amendments to the following standards: |
| | - IFRS 3 <i>Business Combinations</i> ¹ |
| | - IFRS 11 <i>Joint Arrangements</i> ¹ |
| | - IAS 12 <i>Income Taxes</i> ¹ |
| | - IAS 23 <i>Borrowing Costs</i> ¹ |

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after 1 January 2021

⁴ No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020.

Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 January 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 January 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases — Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosure than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt IFRS 16 from 1 January 2019.

The Group plans to adopt the transitional provisions in IFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the

comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying IAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During 2018, the Group has performed a detailed assessment on the impact of adoption of IFRS 16. The Group has estimated that right-of-use assets of RMB 108,485,000 and lease liabilities of RMB108,485,000 will be recognised at 1 January 2019. The directors of the Group anticipate that the application of IFRS 16 will not significantly affect the financial performance and net assets of the Group upon adoption on 1 January 2019.

The Group is in the process of making an assessment of the impact of these new IFRSs upon initial application. Up to the date of this report, except for impacts disclosed above, it has concluded that these new IFRSs are unlikely to have a significant impact on the Group's results of operation and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The results of subsidiaries are included in the Company's statement of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Business combinations other than common control combinations

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 recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Investments in associates and joint ventures

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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are 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 associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when

applicable, in the consolidated statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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 measures its investment properties and financial assets at fair value through profit or loss at the end of each 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, properties under development, completed properties held for sale and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same Group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a Group of which it is a part, provides key management personnel services to 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 the statements of comprehensive income in the period in which

it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

| | |
|---|--|
| Land and buildings | 5.00% |
| Motor vehicles | 20.00% |
| Office equipment and electronic devices | 20.00% |
| Leasehold improvements | over the shorter of the lease terms and 20% |

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 recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statements of comprehensive income in the year the asset derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each of the Relevant Periods.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with IAS 16 *Property, Plant and Equipment* up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation and

carried in the asset revaluation reserve in equity. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Transfers to or from investment property

Transfers to or from investment property shall be made when and only when there is a change in use evidenced by:

- (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- (d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

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 realisable value.

Properties under development are classified as current assets unless those will not be realised in 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 realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development costs

Land costs are allocated to each unit according to their respective saleable gross floor areas ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 5 years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Financial assets*Classification*

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through profit or loss, and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statements of comprehensive income.

Subsequent measurement

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in OCI, except impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statements of comprehensive income in the period in which it arises. Interest income from these financial assets is included in finance income.

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in the consolidated statements of profit or loss and other comprehensive income when the Group's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognised in “other income and gains” in the consolidated statements of profit or loss and other comprehensive income as applicable.

Changes in fair value of financial assets at FVOCI are recognised in OCI.

Impairment of financial assets

The Group has types of financial assets subject to IFRS 9’s new expected credit loss model: financial assets included in prepayments and other receivables, amounts due from related companies, restricted cash, pledged deposits and cash and cash equivalents.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, under which the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost including other receivables, and with the exposure arising from financial guarantee contracts. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Details of how the Group determines whether there has been a significant increase in credit risk since initial recognition are set out in note 41.

Impairment of other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of the amounts due.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statements of financial position) when:

- the rights to receive cash flows from the financial asset have expired; or
- the Group has transferred its rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities***Initial recognition and measurement***

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised 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 recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

(iii) 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 recognised 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 recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amount is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the 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 recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities 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 practises prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- 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, associates and joint ventures when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- 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, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition***Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sale of properties

Revenue is recognised when or as the control of the asset is transferred to the customer. 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 the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for each contract.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of financing component if it is significant.

For a property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer 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.

Property management services

Property management service income derived from the provision of property maintenance and management services is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Management consulting services

Management consulting services income derived from the provision of support services in connection with development of property projects is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from other sources

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Rental income

Rental income is recognised on a time proportion basis over the lease terms.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the

consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

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 its 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 capitalised as part of the cost of those assets. The capitalisation 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 capitalised. 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 recognised 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 recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). 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 PRC. 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 recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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 recognised in the Historical Financial Information:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

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:

Revenue recognition

Revenue from sales of properties is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgements. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgements, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right.

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on the type of properties, gross and saleable floor areas. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has a standard monthly cost budgeting and estimate completion process in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information including but not limited to, the cost to achieve the schedule. Changes in cost estimates in future periods can affect the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

Provision for 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 realisable 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.

Significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the timing value of money if the timing of payments agreed to by the parties to the contract provides the Group with a significant benefit of financing.

Advance payments received from customers provides a significant financing benefit to the Group. Although the Group is required to place all deposits and periodic payments received from the pre-completion sales in a stakeholder account, the Group is able to benefit from those advance payment as it can withdraw money from that account to pay for expended construction costs on the project. The advance payments received in effect reduce the Group's need to rely on other sources of financing.

The amount of the financing component is estimated at the inception of the contract. After contract inception, the discount rate is not updated for changes in interest rates or other circumstances, such as a change in credit risk. The period of financing is from the time that the payment is received until the transfer of goods to the customers.

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective 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 realise.

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 realise.

Impairment of non-financial assets

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.

Estimate of fair value of investment properties

Investment properties carried at fair value were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each of the Relevant Periods.

The principal assumptions for the Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalisation rates and expected profit margin. The carrying amounts of investment properties at 31 December 2016, 2017 and 2018 were RMB324,500,000, RMB791,000,000 and RMB928,900,000, respectively.

Deferred tax assets

Deferred tax assets are recognised 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 utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 18 to the Historical Financial Information.

Provision for expected credit losses on trade receivables and prepayments and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and prepayments and other receivables. The provision rates are based on days past due for groupings of various customer segments that have

similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The expected loss rate is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the properties sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and prepayments and other receivables are disclosed in note 22 and note 23 to the Historical Financial Information, respectively.

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, while no revenue, net profit or total assets from a single location exceeded 10% of the Group's consolidated revenue, net profit or total assets, respectively. As all locations have similar economic characteristics with similar nature of property development and leasing and management, nature of the aforementioned business processes, type or class of customers for the aforementioned businesses and methods used to distribute the properties or provide the services, all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No revenue from sales to a single customer or a Group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | Year ended 31 December | | |
|--|------------------------|-------------------|-------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Revenue from contracts with customers | | | |
| Sale of properties | 2,903,820 | 13,913,179 | 29,992,092 |
| Property management services | — | 7,190 | 6,321 |
| Management consulting services | 21,591 | 105,930 | 211,845 |
| Revenue from other sources | | | |
| Property lease income | — | — | 4,430 |
| | <u>2,925,411</u> | <u>14,026,299</u> | <u>30,214,688</u> |
| Represented by: | | | |
| Revenue from the sale of properties: | | | |
| Recognised at a point in time | <u>1,723,112</u> | <u>9,440,108</u> | <u>24,389,691</u> |
| Recognised over time | <u>1,180,708</u> | <u>4,473,071</u> | <u>5,602,401</u> |
| Revenue from property management services: | | | |
| Recognised over time | <u>—</u> | <u>7,190</u> | <u>6,321</u> |
| Revenue from management consulting services: | | | |
| Recognised over time | <u>21,591</u> | <u>105,930</u> | <u>211,845</u> |
| Revenue from other sources: | | | |
| Property lease income | <u>—</u> | <u>—</u> | <u>4,430</u> |
| | <u>2,925,411</u> | <u>14,026,299</u> | <u>30,214,688</u> |
| Other income and gains | | | |
| Gain on disposal of subsidiaries | — | 14,389 | 47,684 |
| Gain on disposal of associates | 5,732 | — | 6,802 |
| Gain on bargain purchase (note 32) | 153,223 | — | — |
| Forfeiture of deposits | 4,078 | 8,508 | 14,814 |
| Government grants | — | 888 | 7,299 |
| Foreign exchange differences, net | — | — | 10,630 |
| Others | 442 | 732 | 7,816 |
| | <u>163,475</u> | <u>24,517</u> | <u>95,045</u> |

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging:

| | Notes | Year ended 31 December | | |
|--|-------|------------------------|------------|------------|
| | | 2016 | 2017 | 2018 |
| | | RMB'000 | RMB'000 | RMB'000 |
| Cost of properties sold | 21 | 2,294,518 | 11,181,321 | 23,204,462 |
| Impairment losses recognised for properties under development | 20 | 22,173 | 5,988 | 54,800 |
| Impairment losses written off for properties under development | 21 | (17,819) | (71,598) | (53,029) |
| Depreciation of items of property, plant and equipment | 13 | 12,981 | 17,969 | 42,922 |
| Amortisation of intangible assets | 15 | 72 | 198 | 259 |
| Rental expenses | | 21,175 | 31,874 | 65,368 |
| Auditor's remuneration | | 688 | 2,342 | 12,825 |
| Employee benefit expense (including directors' and chief executive's remuneration (note 8)): | | | | |
| Wages and salaries | | 195,126 | 360,137 | 877,633 |
| Pension scheme contributions and social welfare | | 34,591 | 66,045 | 141,577 |

7. FINANCE COSTS

An analysis of finance costs is as follows:

| | Year ended 31 December | | |
|--|------------------------|--------------------|--------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Interest on bank and other borrowings | 1,570,156 | 2,221,915 | 2,438,571 |
| Interest expense arising from revenue contracts | 131,939 | 477,199 | 588,965 |
| Total interest expense on financial liabilities not at fair value through profit or loss | <u>1,702,095</u> | <u>2,699,114</u> | <u>3,027,536</u> |
| Less: Interest capitalised | <u>(1,433,077)</u> | <u>(2,342,794)</u> | <u>(2,594,070)</u> |
| | <u>269,018</u> | <u>356,320</u> | <u>433,466</u> |

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors before 22 March 2018, the date of incorporation of the Company.

Mr. Yang Jian, Mr. Huang Chunlei, Mr. Xu Liangqiong and Mr. Ling Xinyu were appointed as executive directors of the Company on 29 March 2018, 29 March 2018, 29 March 2018 and 28 September 2018, respectively. Mr. AU YEUNG Po Fung, Mr. Wang Kaiguo and Mr. Wu Xiaobo were all appointed as independent non-executive directors of the Company on 19 June 2019.

Certain directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

| | <u>Year ended 31 December</u> | | |
|---|-------------------------------|----------------|----------------|
| | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| | <u>RMB'000</u> | <u>RMB'000</u> | <u>RMB'000</u> |
| Fees | — | — | — |
| Other emoluments: | | | |
| Salaries, allowances and benefits in kind | 2,142 | 6,570 | 19,966 |
| Performance-related bonuses* | 1,558 | 4,376 | 8,774 |
| Pension scheme contributions and social welfare | 241 | 298 | 326 |
| | <u>3,941</u> | <u>11,244</u> | <u>29,066</u> |

* Certain executive directors of the Company are entitled to bonus payments which are determined based on a percentage of the profit after tax of the Group.

(a) **Independent non-executive directors**

Mr. AU YEUNG Po Fung, Mr. Wang Kaiguo and Mr. Wu Xiaobo were appointed as independent non-executive directors of the Company on 19 June 2019. There was no emolument payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors

Year ended 31 December 2016

| | <u>Fees</u> | <u>Salaries, allowances and benefits in kind</u> | <u>Performance- related bonuses</u> | <u>Pension scheme contributions and social welfare</u> | <u>Total remuneration</u> |
|---------------------------|-------------|--|---|--|-------------------------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Executive directors: | | | | | |
| - Mr. Yang Jian | — | 1,178 | 792 | 73 | 2,043 |
| - Mr. Huang Chunlei | — | 382 | 567 | 58 | 1,007 |
| - Mr. Xu Liangqiong | — | 361 | 199 | 58 | 618 |
| - Mr. Ling Xinyu | — | 221 | — | 52 | 273 |
| | — | <u>2,142</u> | <u>1,558</u> | <u>241</u> | <u>3,941</u> |

Year ended 31 December 2017

| | <u>Fees</u> | <u>Salaries, allowances and benefits in kind</u> | <u>Performance- related bonuses</u> | <u>Pension scheme contributions and social welfare</u> | <u>Total remuneration</u> |
|---------------------------|-------------|--|---|--|-------------------------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Executive directors: | | | | | |
| - Mr. Yang Jian | — | 2,287 | 1,329 | 88 | 3,704 |
| - Mr. Huang Chunlei | — | 1,924 | 1,279 | 61 | 3,264 |
| - Mr. Xu Liangqiong | — | 1,924 | 1,279 | 88 | 3,291 |
| - Mr. Ling Xinyu | — | 435 | 489 | 61 | 985 |
| | — | <u>6,570</u> | <u>4,376</u> | <u>298</u> | <u>11,244</u> |

Year ended 31 December 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. Yang Jian | — | 7,307 | 3,248 | 96 | 10,651 |
| - Mr. Huang Chunlei | — | 8,200 | 3,525 | 67 | 11,792 |
| - Mr. Xu Liangqiong | — | 3,581 | 1,666 | 96 | 5,343 |
| - Mr. Ling Xinyu | — | 878 | 335 | 67 | 1,280 |
| | — | <u>19,966</u> | <u>8,774</u> | <u>326</u> | <u>29,066</u> |

Mr. Huang Chunlei is the chief executive officer and an executive director of the Company. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2016, 2017 and 2018 included three, three and three directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the years ended 31 December 2016, 2017 and 2018 of the five highest paid employees of the Company are as follows:

| | Year ended 31 December | | |
|---|------------------------|---------------|---------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Salaries, allowances and benefits in kind | 2,639 | 7,799 | 22,984 |
| Performance-related bonuses | 1,859 | 4,798 | 10,084 |
| Pension scheme contributions and social welfare | 346 | 387 | 420 |
| | <u>4,844</u> | <u>12,984</u> | <u>33,488</u> |

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

| | Year ended 31 December | | |
|--------------------------------------|------------------------|----------|----------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Nil to HK\$1,000,000 | 2 | — | — |
| HK\$1,000,001 to HK\$1,500,000 | — | 2 | — |
| HK\$1,500,001 to HK\$2,000,000 | — | — | — |
| HK\$2,000,001 to HK\$2,500,000 | — | — | — |
| HK\$2,500,001 to HK\$3,000,000 | — | — | — |
| HK\$3,000,001 to HK\$3,500,000 | — | — | 2 |
| | <u>2</u> | <u>2</u> | <u>2</u> |

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, the Company and the Group's subsidiaries incorporated in the Cayman Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong is not liable for income tax as it did not have any assessable profits arising in Hong Kong during the Relevant Periods.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax with a tax 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 the 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 Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

| | Year ended 31 December | | |
|---|------------------------|------------------|------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Current tax: | | | |
| PRC Corporate income tax | 101,810 | 1,044,178 | 1,625,595 |
| PRC LAT | 41,349 | 452,918 | 1,183,637 |
| Deferred tax (note 18) | <u>(147,345)</u> | <u>(727,785)</u> | <u>(897,043)</u> |
| Total tax (credit)/ charge for the year | <u>(4,186)</u> | <u>769,311</u> | <u>1,912,189</u> |

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 31 December | | |
|--|------------------------|-----------|-----------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| (Loss)/profit before tax | (273,955) | 1,267,885 | 4,438,476 |
| At the statutory income tax rate | (68,489) | 316,971 | 1,109,619 |
| Profits and losses attributable to joint ventures and associates | 15,675 | 30,049 | (158,825) |
| Expenses not deductible for tax | 13,843 | 27,055 | 45,182 |
| Income not subject to tax | (38,306) | — | — |
| Tax losses utilised from previous years | (3,727) | (8,648) | (58,217) |
| Tax losses not recognised | 34,889 | 48,772 | 72,231 |
| Deductible temporary differences not recognised | 10,917 | 15,424 | 14,471 |
| Provision for LAT | 41,349 | 452,918 | 1,183,637 |
| Tax effect on LAT | (10,337) | (113,230) | (295,909) |
| Tax (credit)/charge at the Group's effective rate | (4,186) | 769,311 | 1,912,189 |

The share of tax charge attributable to joint ventures and associates amounted to nil, RMB28,914,000, and RMB330,461,000 for the years ended 31 December 2016, 2017 and 2018, respectively. The share of tax credit attributable to joint ventures and associates amounted to RMB20,900,000, RMB68,979,000, and RMB118,693,000 for the years ended 31 December 2016, 2017 and 2018, respectively. Both are included in "Share of profits and losses of joint ventures and associates" in the consolidated statements of profit or loss and other comprehensive income.

Tax payable in the consolidated statements of financial position represents:

| | 31 December | | |
|----------------------|----------------|------------------|------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| <u>Tax payable</u> | | | |
| Corporate income tax | 94,303 | 807,154 | 996,045 |
| LAT | 41,238 | 375,350 | 964,236 |
| | <u>135,541</u> | <u>1,182,504</u> | <u>1,960,281</u> |

11. DIVIDENDS

No dividends have been paid or declared by the Company since its date of incorporation.

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(Loss)/Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation 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

| | Land and buildings | Motor vehicles | Office equipment and electronic devices | Leasehold improvements | Total |
|---|-----------------------|-------------------|--|---------------------------|----------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 31 December 2016 | | | | | |
| At 1 January 2016: | | | | | |
| Cost | — | 10,953 | 3,688 | 12,894 | 27,535 |
| Accumulated depreciation | — | (6,050) | (1,397) | (7,587) | (15,034) |
| Net carrying amount | — | 4,903 | 2,291 | 5,307 | 12,501 |
| At 1 January 2016, net of accumulated | | | | | |
| depreciation | — | 4,903 | 2,291 | 5,307 | 12,501 |
| Additions | — | 12,162 | 7,768 | 5,996 | 25,926 |
| Acquisition of subsidiaries (note 32) | — | 755 | 318 | 4,746 | 5,819 |
| Depreciation provided during the year (note 6) | — | (4,110) | (1,656) | (7,215) | (12,981) |
| At 31 December 2016, net of accumulated depreciation | — | 13,710 | 8,721 | 8,834 | 31,265 |
| At 31 December 2016: | | | | | |
| Cost | — | 24,115 | 11,936 | 27,194 | 63,245 |
| Accumulated depreciation | — | (10,405) | (3,215) | (18,360) | (31,980) |
| Net carrying amount | — | 13,710 | 8,721 | 8,834 | 31,265 |
| 31 December 2017 | | | | | |
| At 1 January 2017: | | | | | |
| Cost | — | 24,115 | 11,936 | 27,194 | 63,245 |
| Accumulated depreciation | — | (10,405) | (3,215) | (18,360) | (31,980) |
| Net carrying amount | — | 13,710 | 8,721 | 8,834 | 31,265 |

| | Land and buildings | Motor vehicles | Office equipment and electronic devices | Leasehold improvements | Total |
|--|-----------------------|-------------------|--|---------------------------|----------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2017, net of accumulated depreciation | — | 13,710 | 8,721 | 8,834 | 31,265 |
| Additions | — | 11,011 | 17,537 | 8,991 | 37,539 |
| Acquisition of subsidiaries (note 32) | — | — | 36 | — | 36 |
| Disposal of subsidiaries (note 33) | — | — | (64) | (808) | (872) |
| Depreciation provided during the year (note 6) | — | (6,188) | (4,214) | (7,567) | (17,969) |
| At 31 December 2017, net of accumulated depreciation | <u>—</u> | <u>18,533</u> | <u>22,016</u> | <u>9,450</u> | <u>49,999</u> |
| At 31 December 2017: | | | | | |
| Cost | — | 35,126 | 29,228 | 33,729 | 98,083 |
| Accumulated depreciation | — | (16,593) | (7,212) | (24,279) | (48,084) |
| Net carrying amount | <u>—</u> | <u>18,533</u> | <u>22,016</u> | <u>9,450</u> | <u>49,999</u> |
| 31 December 2018 | | | | | |
| At 1 January 2018: | | | | | |
| Cost | — | 35,126 | 29,228 | 33,729 | 98,083 |
| Accumulated depreciation | — | (16,593) | (7,212) | (24,279) | (48,084) |
| Net carrying amount | <u>—</u> | <u>18,533</u> | <u>22,016</u> | <u>9,450</u> | <u>49,999</u> |
| At 1 January 2018, net of accumulated depreciation | — | 18,533 | 22,016 | 9,450 | 49,999 |
| Additions | 163 | 10,243 | 20,893 | 16,928 | 48,227 |
| Acquisition of subsidiaries (note 32) | 37,794 | 250 | 1,466 | 12,875 | 52,385 |
| Disposal of subsidiaries (note 33) | — | (1,335) | (1,085) | — | (2,420) |
| Depreciation provided during the year (note 6) | (4,099) | (9,709) | (5,493) | (23,621) | (42,922) |
| At 31 December 2018, net of accumulated depreciation | <u>33,858</u> | <u>17,982</u> | <u>37,797</u> | <u>15,632</u> | <u>105,269</u> |
| At 31 December 2018: | | | | | |
| Cost | 37,989 | 31,198 | 54,602 | 34,845 | 158,634 |
| Accumulated depreciation | (4,131) | (13,216) | (16,805) | (19,213) | (53,365) |
| Net carrying amount | <u>33,858</u> | <u>17,982</u> | <u>37,797</u> | <u>15,632</u> | <u>105,269</u> |

As at 31 December 2018, the Group was in the customary process of obtaining the relevant property ownership certificates for certain buildings with an aggregate net carrying amount of approximately RMB19,797,000.

14. INVESTMENT PROPERTIES

| | <u>Completed</u> | <u>Under construction</u> | <u>Total</u> |
|---|------------------|-------------------------------|----------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Carrying amount at 1 January 2016 | — | 172,000 | 172,000 |
| Additions | — | 143,775 | 143,775 |
| Net gain from a fair value adjustment | — | 8,725 | 8,725 |
| Carrying amount at 31 December 2016 and 1 January 2017 | <u>—</u> | <u>324,500</u> | <u>324,500</u> |
| Additions | — | 204,602 | 204,602 |
| Transferred to completed investment properties | — | (364,681) | (364,681) |
| Transferred from investment properties under construction | 364,681 | — | 364,681 |
| Net gain from a fair value adjustment | <u>85,319</u> | <u>176,579</u> | <u>261,898</u> |
| Carrying amount at 31 December 2017 and 1 January 2018 | <u>450,000</u> | <u>341,000</u> | <u>791,000</u> |
| Additions | — | 65,929 | 65,929 |
| Transferred to completed investment properties | — | (15,600) | (15,600) |
| Transferred from investment properties under construction | 15,600 | — | 15,600 |
| Net gain from a fair value adjustment | <u>3,400</u> | <u>68,571</u> | <u>71,971</u> |
| Carrying amount at 31 December 2018 | <u>469,000</u> | <u>459,900</u> | <u>928,900</u> |

Certain of the Group's investment properties with an aggregate carrying amount of approximately RMB349,000,000 as at 31 December 2018 have been pledged to secure bank and other borrowings granted to the Group (note 28).

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2016, 2017 and 2018 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB324,500,000, RMB791,000,000 and RMB928,000,000, respectively. In each of the Relevant Periods, the Group's senior finance manager and the group financial controller decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the group financial controller have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

| | Fair value measurement as at 31 December 2016 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 |
| Recurring fair value measurement for: | | | | |
| Commercial properties | | | | |
| under construction | <u>—</u> | <u>—</u> | <u>324,500</u> | <u>324,500</u> |

| | Fair value measurement as at 31 December 2017 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 |
| Recurring fair value measurement for: | | | | |
| Commercial properties | | | | |
| completed | <u>—</u> | <u>—</u> | <u>450,000</u> | <u>450,000</u> |
| under construction | <u>—</u> | <u>—</u> | <u>341,000</u> | <u>341,000</u> |
| | <u>—</u> | <u>—</u> | <u>791,000</u> | <u>791,000</u> |

| | Fair value measurement as at 31 December 2018 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 |
| Recurring fair value measurement for: | | | | |
| Commercial properties | | | | |
| completed | <u>—</u> | <u>—</u> | <u>469,000</u> | <u>469,000</u> |
| under construction | <u>—</u> | <u>—</u> | <u>459,900</u> | <u>459,900</u> |
| | <u>—</u> | <u>—</u> | <u>928,900</u> | <u>928,900</u> |

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

| | Valuation techniques | Significant unobservable inputs | Range or weighted average | | |
|--|----------------------|---|---------------------------|--------------|---------------|
| | | | 31 December | | 30 September |
| | | | 2016 | 2017 | 2018 |
| Completed commercial properties | Income approach | Estimated rental value (per square metre and per month) | N/A | RMB37.5-92.0 | RMB33.5-130.8 |
| | | Capitalisation rate | N/A | 4.5%-5% | 4.5%-5.5% |
| | | Long term vacancy rate | N/A | 5% | 5%-8% |
| Commercial properties under construction | Comparison method | Expected profit margin | 12%-20% | 12%-15% | 12%-15% |

The fair value of completed commercial properties is determined using the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference to the comparable sales transactions as available in the relevant market has also been considered.

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the capitalisation rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of commercial properties under construction is determined using the comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the properties assuming they were completed and, where appropriate, after deducting the following items:

- Estimated construction cost and professional fees to be expensed to complete the properties that would be incurred by a market participant;
- Estimated profit margin that a market participant would require to hold and develop the properties to completion.

The higher expected profit margin would result in the lower fair value of the investment properties under construction.

15. INTANGIBLE ASSETS

| | 31 December | | |
|--|-------------|------------|------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| <u>Software</u> | | | |
| At the beginning of the year: | | | |
| Cost | 126 | 646 | 840 |
| Accumulated amortisation | — | (72) | (270) |
| Net carrying amount | <u>126</u> | <u>574</u> | <u>570</u> |
| Carrying amount at the beginning of the year: | 126 | 574 | 570 |
| Additions | 520 | 194 | 144 |
| Amortisation provided during the year (note 6) | (72) | (198) | (259) |
| Carrying amount at the end of the year: | <u>574</u> | <u>570</u> | <u>455</u> |
| At the end of the year: | | | |
| Cost | 646 | 840 | 984 |
| Accumulated amortisation | (72) | (270) | (529) |
| Net carrying amount | <u>574</u> | <u>570</u> | <u>455</u> |

16. INVESTMENTS IN JOINT VENTURES

| | 31 December | | |
|---|---------------|----------------|------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Share of net assets | 27,639 | 415,602 | 2,530,184 |
| Financial guarantees provided to joint ventures | — | — | 53,875 |
| | <u>27,639</u> | <u>415,602</u> | <u>2,584,059</u> |

The Group has guaranteed certain of the bank and other borrowings made to its joint ventures. Details are set out in note 38 to the Historical Financial Information. In the opinion of the directors, the financial guarantee services are unlikely to be compensated in the foreseeable future and are considered as part of the Group's net investments in the joint ventures.

The Group's receivables and payables with joint ventures are disclosed in note 37 to the Historical Financial Information.

(a) Particulars of the Group's material joint ventures

| Name of companies | Place and year of registration | Nominal value of registered share capital | Percentage of ownership interest attributable to the Group | Principal activities |
|--|--------------------------------|---|--|----------------------|
| | | RMB'000 | | |
| 保山碧永房地產開發有限公司 Baoshan Biyong Real Estate Development Co., Ltd. | Baoshan, PRC 2018 | 20,000 | 50.00% | Property development |
| 重慶正江房地產開發有限公司 ^(Note1) Chongqing Zhengjiang Real Estate Development Co., Ltd. | Chongqing, PRC 2017 | 40,816 | 51.00% | Property development |
| 福安中梁翼房地產開發有限公司 ^(Note1) Fuan Zhongliangyi Real Estate Development Co., Ltd. | Fuan, PRC 2017 | 50,000 | 60.00% | Property development |
| 焦作梁順置業有限公司 Jiaozuo Liangshun Property Co., Ltd. . . . | Jiaozuo, PRC 2018 | 50,000 | 50.00% | Property development |
| 江蘇東亭置業有限公司 ^(Note1) Jiangsu Dongting Property Co., Ltd. | Yancheng, PRC 2012 | 100,000 | 60.00% | Property development |
| 開化同益房地產開發有限公司 Kaihua Tongyi Real Estate Development Co., Ltd. | Kaihua, PRC 2017 | 50,000 | 37.60% | Investment holding |
| 寧波禦安置業有限公司 Ningbo Yu'an Property Co., Ltd. | Ningbo, PRC 2016 | 50,000 | 32.97% | Investment holding |
| 寧波禦德置業有限公司 Ningbo Yude Property Co., Ltd. | Ningbo, PRC 2016 | 10,000 | 49.00% | Investment holding |
| 衢州融晟置業有限公司 Quzhou Rongsheng Property Co., Ltd. . . . | Quzhou, PRC 2017 | 847,500 | 35.00% | Property development |
| 瑞安市梁辰置業有限公司 Rui'an Liangchen Property Co., Ltd. | Rui'an, PRC 2017 | 10,000 | 50.00% | Property development |
| 上海佳贏置業有限公司 Shanghai Jiaying Property Co., Ltd. | Shanghai, PRC 2016 | 50,000 | 37.38% | Investment holding |
| 上海祥譽置業有限公司 Shanghai Xiangyu Property Co., Ltd. . . . | Shanghai, PRC 2016 | 10,000 | 30.47% | Investment holding |
| 上海驍意投資有限公司 Shanghai Xiaoyi Property Co., Ltd. | Shanghai, PRC 2014 | 100 | 35.00% | Investment holding |
| 溫州市嘉地置業有限公司 Wenzhou Jiadi Property Co., Ltd. | Wenzhou, PRC 2015 | 10,000 | 50.00% | Property development |
| 溫州泰多投資管理有限公司 Wenzhou Taiduo Investment Management Co., Ltd. | Wenzhou, PRC 2016 | 10,000 | 50.00% | Property development |

| Name of companies | Place and year of registration | Nominal value of registered share capital | Percentage of | Principal activities |
|--|--------------------------------|---|--|----------------------|
| | | | ownership interest attributable to the Group | |
| | | RMB'000 | | |
| 煙台大昌房地產開發有限公司 | | | | |
| Yantai Dachang Real Estate Development Co., Ltd. | Yantai, PRC 2014 | 30,769 | 35.00% | Property development |
| 揚州鳴翔置業有限公司 ^(Note2) | | | | |
| Yangzhou Mingxiang Property Co., Ltd. | Yangzhou, PRC 2017 | 10,000 | 23.00% | Property development |
| 益陽梁鴻房地產開發有限公司 | | | | |
| Yiyang Lianghong Real Estate Development Co., Ltd. | Yiyang, PRC 2018 | 50,000 | 31.15% | Property development |
| 舟山梁弘港置業有限公司 ^(Note1) | | | | |
| Zhoushan Lianghonggang Property Co., Ltd. | Zhoushan, PRC 2018 | 50,000 | 55.00% | Property development |
| 浙江錦禾投資開發有限公司 ^(Note1) | | | | |
| Zhejiang Jinhe Investment & Development Co., Ltd. | Quzhou, PRC 2017 | 50,000 | 51.00% | Property development |
| 蒼南新鴻國悅房地產開發有限公司 | | | | |
| Cangnan Xinhong Guoyue Real Estate Development Co., Ltd. | Cangnan, PRC 2017 | 10,000 | 45.00% | Property development |
| 常州旭景置業有限公司 | | | | |
| Changzhou Xujing Property Co., Ltd. . . . | Changzhou, PRC 2017 | 40,000 | 47.00% | Investment holding |
| 福建聯梁盛房地產開發有限公司 | | | | |
| Fujian Lianliangsheng Real Estate Development Co., Ltd. | Fujian, PRC 2016 | 200,000 | 49.00% | Property development |
| 邵陽梁泰房地產開發有限公司 | | | | |
| Shaoyang Liangtai Real Estate Development Limited | Shaoyang, PRC 2018 | 50,000 | 41.40% | Property development |
| 杭州碧盛置業有限公司 | | | | |
| Hangzhou Bisheng Property Co., Ltd. . . . | Hangzhou, PRC 2018 | 20,000 | 49.00% | Property development |
| 上海瑞晨置業有限公司 | | | | |
| Shanghai Ruichen Property Co., Ltd. . . . | Shanghai, PRC 2018 | 10,000 | 32.00% | Investment holding |
| 上海紹軒置業有限公司 | | | | |
| Shanghai Shaoxuan Property Co., Ltd. . . | Shanghai, PRC 2017 | 10,000 | 49.00% | Investment holding |
| 上海旭城置業有限公司 | | | | |
| Shanghai Xucheng Property Co., Ltd. . . . | Shanghai, PRC 2016 | 10,000 | 47.29% | Investment holding |
| 宿遷市瑞嘉置業有限公司 | | | | |
| Suqian Ruijia Property Co., Ltd. | Suqian, PRC 2014 | 100,000 | 40.00% | Property development |
| 溫州市梁旭置業有限公司 ^(Note1) | | | | |
| Wenzhou Liangxu Property Co., Ltd. . . . | Wenzhou, PRC 2016 | 200,000 | 60.00% | Property development |
| 揚州駿安置業有限公司 | | | | |
| Yangzhou Jun'an Property Co., Ltd. . . . | Yangzhou, PRC 2017 | 50,000 | 49.00% | Property development |

| Name of companies | Place and year of registration | Nominal value of registered share capital | Percentage of | Principal activities |
|--|--------------------------------|---|--|----------------------|
| | | | ownership interest attributable to the Group | |
| | | RMB'000 | | |
| 繁昌縣碧盛房地產開發有限公司 Fanchang Bisheng Real Estate Development Limited | FanChang, PRC 2018 | 100,000 | 49.00% | Property development |
| 沈陽梁宏房地產開發有限公司 ^(Note1) Shenyang Lianghong Real Estate Development Limited | ShenYang, PRC 2017 | 56,863 | 50.50% | Property development |
| 瑞安市悅塘置業有限公司 ^(Note1) Rui'an Yuetang Property Co., Ltd. | Ruian, PRC 2018 | 50,000 | 51.00% | Property development |
| 吉安中梁泰置業有限公司 ^(Note1) Ji'an Zhongliangtai Property Co., Ltd. | Ji'an, PRC 2018 | 71,430 | 70.00% | Property development |
| 宜興市梁輝置業有限公司 ^(Note3) Yixing Lianghui Property Co., Ltd. | Yixing, PRC 2018 | 50,000 | 26.00% | Property development |
| 樂清市梁榮置業有限公司 ^(Note4) Yueqing Liangrong Property Co., Ltd. | Yueqing, PRC 2018 | 210,000 | 24.00% | Property development |
| 宜昌隆泰陽光城房地產開發有限公司 Yichang Longtai Yangguangcheng Real Estate Development Co., Ltd. | Yichang, PRC 2018 | 19,608 | 49.00% | Property development |
| 溫州華陳置業有限責任公司 Wenzhou Huachen Property Co., Ltd. | Wenzhou, PRC 2017 | 20,000 | 45.00% | Property development |
| 泉州廣茂房地產開發有限公司 Quanzhou Guangmao Real Estate Development Co., Ltd. | Quanzhou, PRC 2018 | 10,000 | 40.00% | Property development |
| 閩清縣梅園房地產開發有限公司 ^(Note5) Minqing Meiyuan Real Estate Development Co., Ltd. | Minqing, PRC 2018 | 37,500 | 20.00% | Property development |
| 杭州名宸置業有限公司 ^(Note6) Hangzhou Mingchen Property Co., Ltd. | Hangzhou, PRC 2018 | 328,148 | 30.00% | Property development |
| 泰順誠盛置業有限公司 Taishun Chengsheng Property Co., Ltd. | Taishun, PRC 2018 | 10,000 | 50.00% | Property development |
| 滄陽新碧房地產開發有限公司 Shuyang Xinbi Real Estate Development Co., Ltd. | Shuyang, PRC 2017 | 20,000 | 50.00% | Property development |
| 寧波市鄞州金丁企業管理諮詢有限公司 Ningbo Yinzhou Jinding Enterprise Management Consulting Co., Ltd. | Ningbo, PRC 2017 | 20,000 | 26.60% | Property development |

Notes:

- 1 Pursuant to the investment framework agreement and the articles of association of these companies, all shareholder resolutions of these companies shall be resolved by all shareholders on a unanimous basis. Therefore, these companies were accounted for as joint ventures of the Group during the Relevant Periods.
- 2 During the Relevant Periods, Yangzhou Mingxiang Property Co., Ltd. (“Yangzhou Mingxiang”) had four shareholders holding 31%, 23%, 23% and 23% equity interests respectively. Pursuant to the articles of association of Yangzhou Mingxiang, all shareholder resolutions of Yangzhou Mingxiang shall be resolved by the four shareholders on a unanimous basis. Therefore, Yangzhou Mingxiang was accounted for as a joint venture of the Group notwithstanding that the Group only held a 23% equity interest during the Relevant Periods.
- 3 During the Relevant Periods, Yixing Lianghai Property Co., Ltd. (“Yixing Lianghai”) had four shareholders holding 26%, 15%, 39% and 20% equity interests respectively. Pursuant to the articles of association of Yixing Lianghai, all shareholder resolutions of Yixing Lianghai shall be resolved by the four shareholders on a unanimous basis. Therefore, Yixing Lianghai was accounted for as a joint venture of the Group notwithstanding that the Group only held a 26% equity interest during the Relevant Periods.
- 4 During the Relevant Periods, Yueqing Liangrong Property Co., Ltd. (“Yueqing Liangrong”) had four shareholders holding 24%, 25%, 25% and 26% equity interests respectively. Pursuant to the articles of association of Yueqing Liangrong, all shareholder resolutions of Yueqing Liangrong shall be resolved by the four shareholders on a unanimous basis. Therefore, Yueqing Liangrong was accounted for as a joint venture of the Group notwithstanding that the Group held a 24% equity interest during the Relevant Periods.
- 5 During the Relevant Periods, Minqing Meiyuan Real Estate Development Co., Ltd. (“Minqing Meiyuan”) had four shareholders holding 20%, 40%, 20% and 20% equity interests, respectively. Pursuant to the articles of association of Minqing Meiyuan, all shareholder resolutions of Minqing Meiyuan shall be resolved by the four shareholders on a unanimous basis. Therefore, Minqing Meiyuan was accounted for as a joint venture of the Group notwithstanding that the Group held a 20% equity interest during the Relevant Periods.
- 6 During the Relevant Periods, Hangzhou Mingchen Property Co., Ltd. (“Hangzhou Mingchen”) had two shareholders holding 30% and 70% equity interests, respectively. Pursuant to the articles of association of Hangzhou Mingchen, all shareholder resolutions of Hangzhou Mingchen shall be resolved by the two shareholders on a unanimous basis. Therefore, Hangzhou Mingchen was accounted for as a joint venture of the Group notwithstanding that the Group held a 30% equity interest during the Relevant Periods.
- (b) Quzhou Rongsheng Property Co., Ltd (“Quzhou Rongsheng”), Shanghai Jiaying Property Co., Ltd. (“Shanghai Jiaying”) and Yiwu Wuyue Real Estate Development Co., Ltd. (“Yiwu Wuyue”), which are considered material joint ventures of the Group during the Relevant Periods, co-develop a property development project with the other joint venture partners in Mainland China and are accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Quzhou Rongsheng, adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

| | <u>31 December 2017</u> | <u>31 December 2018</u> |
|---------------------------|-------------------------|-------------------------|
| | RMB'000 | RMB'000 |
| Cash and cash equivalents | 119,608 | 501,530 |
| Other current assets | 1,833,597 | 3,897,575 |
| Current assets | <u>1,953,205</u> | <u>4,399,105</u> |
| Non-current assets | 498 | 535 |
| Other current liabilities | <u>(532,240)</u> | <u>(2,938,648)</u> |
| Current liabilities | <u>(532,240)</u> | <u>(2,938,648)</u> |

| | 31 December 2017 | 31 December 2018 |
|--|------------------|------------------|
| | RMB'000 | RMB'000 |
| Non-current financial liabilities, excluding trade and other payables and provisions | (600,000) | (700,000) |
| Net assets | 821,463 | 760,992 |
| Reconciliation to the Group's interest in the joint venture: | | |
| Proportion of the Group's ownership | 35% | 35% |
| Group's share of net assets of the joint venture | 287,512 | 266,347 |
| Adjustment for unrealised profits and losses from related party transactions | (84) | (1,155) |
| Carrying amount of the investment | 287,428 | 265,192 |
| Revenue | — | 1,005 |
| Expenses | (24,596) | (61,475) |
| Tax | (1,441) | — |
| Loss for the year | (26,037) | (60,470) |
| Total comprehensive loss for the year | (26,037) | (60,470) |

(b) (continued)

The following table illustrates the summarised financial information in respect of Shanghai Jiaying, adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

| | 31 December 2017 | 31 December 2018 |
|--|---------------------|---------------------|
| | RMB'000 | RMB'000 |
| Cash and cash equivalents | 194,060 | 9,688 |
| Other current assets | 822,374 | 340,709 |
| Current assets | 1,016,434 | 350,397 |
| Non-current assets | 729 | 372 |
| Other current liabilities | (797,001) | (153,647) |
| Current liabilities | (797,001) | (153,647) |
| Other non-current liabilities | (248,000) | — |
| Net assets | (27,838) | 197,122 |
| Reconciliation to the Group's interest in the joint venture: | | |
| Proportion of the Group's ownership | 37.38% | 37.38% |
| Group's share of net assets of the joint venture | (10,407) | 73,684 |
| Adjustment for unrealised profits and losses from related party transactions | (1,155) | (1,187) |
| Carrying amount of the investment | (11,562) | 72,497 |
| Revenue | 90 | 962,021 |
| Expense | (12,181) | (648,711) |
| Tax | (11,380) | (82,301) |
| (Loss)/Profit for the year | (23,471) | 231,009 |
| Total comprehensive (loss)/ income for the year | (23,471) | 231,009 |

(b) (continued)

The following table illustrates the summarised financial information in respect of Yiwu Wuyue Real Estate Development Co., Ltd. (“Yiwu Wuyue”), adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

| | <u>31 December</u> |
|--|--------------------|
| | <u>2017</u> |
| | <u>RMB'000</u> |
| Cash and cash equivalents | 135,671 |
| Other current assets | 3,286,127 |
| Current assets | 3,421,798 |
| Non-current assets | 738,533 |
| Financial liabilities, excluding trade and other payables | — |
| Other current liabilities | (2,934,434) |
| Current liabilities | (2,934,434) |
| Non-current financial liabilities, excluding trade and other payables and provisions | (1,100,000) |
| Other non-current liabilities | (57,221) |
| Net assets | 68,676 |
| Reconciliation to the Group's interest in the joint venture: | |
| Proportion of the Group's ownership | 49% |
| Group's share of net assets of the joint ventures | 33,651 |
| Adjustment for unrealised profits and losses from related party transactions | (3,607) |
| Carrying amount of the investment | 30,044 |
| Revenue | 3,992 |
| Expenses | (98,983) |
| Fair value gains on investment properties | 218,122 |
| Tax | (32,806) |
| Profit for the year | 90,325 |
| Total comprehensive income for the year | 90,325 |

- (c) The following table illustrates the aggregate financial information of the Group's joint ventures which are not individually material:

| | 31 December | | |
|---|---------------|---------------|------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Share of the joint ventures' profits and losses for the year | (29,053) | (169,990) | (159,341) |
| Share of the joint ventures' total comprehensive income | (29,053) | (169,990) | (159,341) |
| Adjustment for unrealised profits and losses for related party transactions | (350) | (8,131) | (24,240) |
| Aggregate carrying amount of the Group's investments in the joint ventures | <u>27,639</u> | <u>98,130</u> | <u>2,246,370</u> |

The joint ventures have been accounted for using the equity method in the Historical Financial Information.

The directors of the Company are of the opinion that no provision for impairment was necessary as at 31 December 2016, 2017 and 2018.

17. INVESTMENTS IN ASSOCIATES

| | 31 December | | |
|---|----------------|----------------|------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Share of net assets | 209,039 | 437,704 | 2,082,165 |
| Financial guarantees provided to associates | — | — | 30,994 |
| | <u>209,039</u> | <u>437,704</u> | <u>2,113,159</u> |

The Group has guaranteed certain of the bank and other borrowings made to its associates. Details are set out in note 38 to the Historical Financial Information. In the opinion of the directors, the financial guarantee services are unlikely to be compensated in the foreseeable future and are considered as part of the Group's net investments in the associates.

The Group's receivables and payables with associates are disclosed in note 37 to the Historical Financial Information.

(a) Particulars of the Group's material associates

| Name of companies | Place and year of registration | Nominal value of registered share capital | Percentage of ownership interest attributable to the Group | Principal activities |
|---|--------------------------------|---|--|----------------------|
| | | RMB'000 | | |
| 安寧中南雲璟房地產開發有限公司 | | | | |
| Anning Zhongnan Yunjing Real Estate Development Co., Ltd. | Anning, PRC 2018 | 30,303 | 34.00% | Property development |
| 蒼南縣梁彙置業有限公司 | | | | |
| Cangnan Lianghai Property Co., Ltd. | Cangnan, PRC 2018 | 10,000 | 50.00% | Investment holding |
| 重慶華宇業翔實業有限公司 | | | | |
| Chongqing Huayu Yexiang Property Co., Ltd. | Chongqing, PRC 2018 | 200,000 | 25.00% | Investment holding |
| 重慶市天悅房地產開發有限公司 | | | | |
| Chongqing Tianyue Real Estate Development Co., Ltd. | Chongqing, PRC 2017 | 60,000 | 49.00% | Property development |
| 重慶中梁坤維房地產開發有限公司 | | | | |
| Chongqing Zhongliang Kunwei Real Estate Development Co., Ltd. | Chongqing, PRC 2018 | 100,000 | 20.00% | Property development |
| 慈溪合翔置業有限公司 | | | | |
| Cixi Hexiang Property Co., Ltd. | Cixi, PRC 2017 | 200,000 | 33.30% | Property development |
| 慈溪金奕房地產開發有限公司 | | | | |
| Cixi Jinyi Real Estate Development Co., Ltd. | Cixi, PRC 2018 | 195,000 | 33.33% | Property development |
| 慈溪市新桂置業有限公司 | | | | |
| Cixi Xingui Property Co., Ltd. | Cixi, PRC 2016 | 10,000 | 29.00% | Property development |
| 東陽市東銘房地產開發有限公司 | | | | |
| Dongyang Dongming Real Estate Development Co., Ltd. | Dongyang, PRC 2017 | 200,000 | 27.00% | Property development |
| 福建誠心合一置業發展有限公司 | | | | |
| Fujian Chengxin Heyi Property Development Co., Ltd. | Fujian, PRC 2018 | 50,000 | 20.00% | Property development |
| 杭州濱通房地產開發有限公司 | | | | |
| Hangzhou Bintong Real Estate Development Co., Ltd. | Hangzhou, PRC 2016 | 5,000 | 25.00% | Property development |
| 杭州富陽萬朝置業有限公司 | | | | |
| Hangzhou Fu Yang Wan Chao Property Co., Ltd. | Hangzhou, PRC 2016 | 170,000 | 33.00% | Property development |
| 杭州鈞德房地產開發有限公司* | | | | |
| Hangzhou Junde Real Estate Development Co., Ltd. | Hangzhou, PRC 2017 | 130,000 | 15.38% | Property development |

| Name of companies | Place and year of registration | Nominal value of registered share capital | Percentage of ownership interest attributable to the Group | Principal activities |
|--|--------------------------------|---|--|---|
| | | RMB'000 | | |
| 杭州榮悅置業有限公司 Hangzhou Rongyue Property Co., Ltd. | Hangzhou, PRC 2017 | 11,000 | 32.90% | Property development |
| 杭州鑫鈞達房地產開發有限公司 Hangzhou Xinjunda Real Estate Development Co., Ltd. | Hangzhou, PRC 2017 | 50,000 | 30.00% | Investment holding |
| 靖江市新碧房地產開發有限公司 Jingjiang Xinbi Real Estate Development Co., Ltd. | Jingjiang, PRC 2016 | 20,000 | 38.00% | Property development |
| 晉江中梁榮譽置業發展有限公司 Jinjiang Zhongliang Rongyu Property Development Co., Ltd. ... | Jinjiang, PRC 2018 | 50,000 | 20.00% | Property development |
| 九江碧桂園物業發展有限公司 Jiujiang Biguiyuan Property Development Co., Ltd. | Jiujiang, PRC 2017 | 5,000 | 35.21% | Property development |
| 平度市中南錦宸房地產有限公司 Pingdu Zhongnan Jincheng Real Estate Development Co., Ltd. | Pingdu, PRC 2017 | 10,000 | 30.00% | Property development |
| 青島中梁宏置業有限公司 Qingdao Zhonglianghong Property Development Co., Ltd. | Qingdao, PRC 2017 | 50,000 | 30.00% | Property development |
| 瑞安市鴻發置業有限公司 Rui'an Hongfa Property Co., Ltd. | Rui'an, PRC 2016 | 5,000 | 30.00% | Property development |
| 三明市濱江置業有限公司 Sanming Binjiang Property Co., Ltd. | Sanming, PRC 2017 | 10,000 | 33.00% | Property development |
| 上海紹毅置業有限公司 Shanghai Shaoyi Property Co., Ltd. | Shanghai, PRC 2017 | 50,000 | 23.12% | Investment holding |
| 義烏吾悅房地產發展有限公司**** Yiwu Wuyue Real Estate Development Co., Ltd. | Yiwu, PRC 2015 | 19,608 | 49.00% | Property development and property leasing |
| 石獅中梁榮譽置業發展有限公司 Shishi Zhongliang Rongyu Property Development Co., Ltd. ... | Shishi, PRC 2017 | 50,000 | 35.00% | Property development |
| 太倉市港城碧桂園房地產開發有限公司 Taicang Gangcheng Country Garden Real Estate Development Co., Ltd. | Taicang, PRC 2016 | 150,000 | 49.00% | Property development |

| Name of companies | Place and year of registration | Nominal value of registered share capital | Percentage of ownership interest attributable to the Group | Principal activities |
|--|--------------------------------|---|--|----------------------|
| | | RMB'000 | | |
| 台州市中梁宇置業有限公司 | | | | |
| Taizhou Zhongliangyu Property Co., Ltd. | Taizhou, PRC 2017 | 50,000 | 30.00% | Property development |
| 溫州德信南湖置業有限公司 | | | | |
| Wenzhou Dexin Nanhu Property Co., Ltd. | Wenzhou, PRC 2017 | 100,000 | 25.00% | Property development |
| 溫州萬昱置業有限公司 | | | | |
| Wenzhou Wanyu Property Co., Ltd. | Wenzhou, PRC 2015 | 300,000 | 30.00% | Property development |
| 溫州新都置業有限公司 | | | | |
| Wenzhou Xindu Property Co., Ltd. | Wenzhou, PRC 2015 | 150,000 | 24.50% | Property development |
| 溫州伊頓投資管理有限公司 | | | | |
| Wenzhou Yidun Investment Management Co., Ltd. | Wenzhou, PRC 2017 | 2,000 | 30.00% | Investment holding |
| 無錫市晨業房地產有限公司 | | | | |
| Wuxi Chenye Real Estate Co., Ltd. | Wuxi, PRC 2017 | 20,000 | 24.50% | Property development |
| 揚州綠峰房地產開發有限公司 | | | | |
| Yangzhou Lvfang Real Estate Development Co., Ltd. | Yangzhou, PRC 2017 | 100,000 | 30.00% | Property development |
| 樂清凱譽置業有限公司** | | | | |
| Yueqing Kaiyu Property Co., Ltd. | Yueqing, PRC 2017 | 50,000 | 18.00% | Property development |
| 正謙（上海）置業有限公司 | | | | |
| Zhengqian (Shanghai) Property Co., Ltd. | Shanghai, PRC 2018 | 1,000 | 28.79% | Investment holding |
| 舟山合隆置業有限公司 | | | | |
| Zhoushan Helong Property Co., Ltd. | Zhoushan, PRC 2017 | 100,000 | 25.00% | Property development |
| 株洲郡堂房地產開發有限公司 | | | | |
| Zhuzhou Juntang Real Estate Development Co., Ltd. | Zhuzhou, PRC 2017 | 50,000 | 30.00% | Property development |
| 遵義宸梁房地產有限公司 | | | | |
| Zunyi Chenliang Real Estate Co., Ltd. | Zunyi, PRC 2018 | 120,000 | 20.00% | Property development |
| 杭州浙同投資有限公司*** | | | | |
| Hangzhou Zhetong Investment Co., Ltd. | Hangzhou, PRC 2018 | 2,400,000 | 15.00% | Investment holding |

| Name of companies | Place and year of registration | Nominal value of registered share capital | Percentage of ownership interest attributable to the Group | Principal activities |
|---|--------------------------------|---|--|----------------------|
| | | RMB'000 | | |
| 揭陽市粵森置業有限公司 Jieyang Yuesen Property Co., Ltd. | Jieyang, PRC 2017 | 1,429 | 30.00% | Property development |
| 萊蕪贏和中梁置業有限公司 Laiwu Yinghe Zhongliang Real Estate Co., Ltd. | Laiwu, PRC 2018 | 10,000 | 32.00% | Property development |
| 浙江錦臻投資管理有限公司 Zhejiang Jinzhen Investment Management Co., Ltd. | Zhejiang, PRC 2017 | 10,000 | 34.00% | Property development |
| 舒城文築地產有限公司 Shucheng Wenzhu Real Estate Co., Ltd. | Shucheng, PRC 2018 | 60,610 | 34.00% | Property development |
| 溫州鑫來投資管理有限公司 Wenzhou Xinlai Investment Management Co., Ltd. | Wenzhou, PRC 2018 | 250,000 | 48.00% | Investment holding |
| 山東明耀置業有限公司 Shandong Ming Yao Property Co., Ltd. | Shandong, PRC 2017 | 18,000 | 30.60% | Property development |
| 連雲港市連碧房地產開發有限公司 Lianyungang Lianbi Real Estate Development Co., Ltd. | Lianyungang, PRC 2017 | 46,136 | 49.00% | Property development |
| 安徽皖輝置業有限公司 Anhui Wanhui Property Co., Ltd. | Anhui, PRC 2018 | 100,000 | 30.00% | Investment holding |
| 重慶浩方房地產開發有限公司 Chongqing Haofang Real Estate Development Co., Ltd. | Chongqing, PRC 2015 | 20,000 | 35.00% | Property development |
| 合肥金駿梁合房地產開發有限公司 Hefei Jinjun Lianghe Real Estate Development Limited | HeFei, PRC 2018 | 1,000,000 | 45.00% | Property development |

* During the Relevant Periods, Hangzhou Junde Real Estate Development Co., Ltd. ("Hangzhou Junde") had five directors, one of which was appointed by the Group. Pursuant to the articles of association of Hangzhou Junde, the Group has significant influence over Hangzhou Junde. Therefore, Hangzhou Junde was accounted for as an associate of the Group as at 31 December 2017 and 31 December 2018.

** During the Relevant Periods, Yueqing Kaiyu Property Co., Ltd. ("Yueqing Kaiyu") had seven directors, one of which was appointed by the Group. Pursuant to the articles of association of Yueqing Kaiyu, the Group has significant influence over Yueqing Kaiyu. Therefore, Yueqing Kaiyu was accounted for as an associate of the Group as at 31 December 2017 and 31 December 2018.

*** During the Relevant Periods, Hangzhou Zhetong Investment Co., Ltd. (“Hangzhou Zhetong”) had seven directors, one of which was appointed by the Group. Pursuant to the articles of association of Hangzhou Zhetong, the Group has significant influence over Hangzhou Zhetong. Therefore, Hangzhou Zhetong was accounted for as an associate of the Group as at 31 December 2018.

**** As at 31 December 2017, Yiwu Wuyue was accounted for as a joint venture of the Group. As at 31 December 2018, Yiwu Wuyue was accounted for as an associate of the Group.

(b) Yiwu Wuyue Real Estate Development Co., Ltd. (“Yiwu Wuyue”), Wenzhou Wanyu Property Co., Ltd. (“Wenzhou Wanyu”) and Wenzhou Xindu Property Co., Ltd (“Wenzhou Xindu”), which are considered material associates of the Group during the Relevant Periods, co-develop a property development project with the other associate partners in Mainland China and are accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Yiwu Wuyue, adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

| | <u>31 December 2018</u> |
|--|-------------------------|
| | RMB'000 |
| Cash and cash equivalents | 133,031 |
| Other current assets | 2,460,563 |
| Current assets | <u>2,593,594</u> |
| Non-current assets | 1,140,365 |
| Other current liabilities | (1,386,751) |
| Current liabilities | <u>(1,386,751)</u> |
| Other non-current liabilities | (71,699) |
| Net assets | <u>2,275,509</u> |
| Reconciliation to the Group's interest in the associate: | |
| Proportion of the Group's ownership | 49% |
| Group's share of net assets of the associate | 1,114,999 |
| Adjustment for unrealised profits and losses from related party transactions | <u>(6,101)</u> |
| Carrying amount of the investment | <u>1,108,898</u> |
| Revenue | 3,674,615 |
| Expense | (2,014,995) |
| Fair value gains on investment properties | 57,912 |
| Tax | <u>(491,091)</u> |
| Profit for the year | <u>1,226,441</u> |
| Total comprehensive income for the year | <u>1,226,441</u> |

(b) (continued)

The following table illustrates the summarised financial information in respect of Wenzhou Wanyu, adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

| | <u>31 December 2017</u> | <u>31 December 2018</u> |
|--|-------------------------|-------------------------|
| | RMB'000 | RMB'000 |
| Cash and cash equivalents | 455,102 | 241,252 |
| Other current assets | 2,505,881 | 662,708 |
| Current assets | <u>2,960,983</u> | <u>903,960</u> |
| Non-current assets | <u>11,157</u> | <u>260</u> |
| Other current liabilities | (2,704,900) | (193,998) |
| Current liabilities | <u>(2,704,900)</u> | <u>(193,998)</u> |
| Net assets | <u>267,240</u> | <u>710,222</u> |
| Reconciliation to the Group's interest in the associate: | | |
| Proportion of the Group's ownership | 30% | 30% |
| Group's share of net assets of the associate | 80,172 | 213,067 |
| Adjustment for unrealised profits and losses from related party transactions | <u>(1,603)</u> | <u>(1,921)</u> |
| Carrying amount of the investment | <u>78,569</u> | <u>211,146</u> |
| Revenue | — | 2,556,401 |
| Expenses | (3,136) | (1,965,534) |
| Tax | <u>410</u> | <u>(147,885)</u> |
| (Loss)/profit for the year | <u>(2,726)</u> | <u>442,982</u> |
| Total comprehensive (loss)/income for the year | <u>(2,726)</u> | <u>442,982</u> |

(b) (continued)

The following table illustrates the summarised financial information in respect of Wenzhou Xindu, adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

| | <u>31 December 2017</u> | <u>31 December 2018</u> |
|--|-------------------------|-------------------------|
| | RMB'000 | RMB'000 |
| Cash and cash equivalents | 84,783 | 57,895 |
| Other current assets | <u>738,915</u> | <u>254,467</u> |
| Current assets | <u>823,698</u> | <u>312,362</u> |
| Non-current assets | <u>3,961</u> | <u>45</u> |
| Other current liabilities | <u>(690,807)</u> | <u>(46,692)</u> |
| Current liabilities | <u>(690,807)</u> | <u>(46,692)</u> |
| Net assets | <u>136,852</u> | <u>265,715</u> |
| Reconciliation to the Group's interest in the associate: | | |
| Proportion of the Group's ownership | 24.5% | 24.5% |
| Group's share of net assets of the associate | <u>33,529</u> | <u>65,100</u> |
| Carrying amount of the investment | <u>33,529</u> | <u>65,100</u> |
| Revenue | — | 676,651 |
| Expenses | (1,000) | (505,803) |
| Tax | <u>(178)</u> | <u>(41,984)</u> |
| (Loss)/ profit for the year | <u>(1,178)</u> | <u>128,864</u> |
| Total comprehensive (loss)/ income for year | <u>(1,178)</u> | <u>128,864</u> |

(c) The following table illustrates the aggregate financial information of the Group's associates which are not individually material:

| | <u>31 December</u> | | |
|---|--------------------|----------------|----------------|
| | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| | RMB'000 | RMB'000 | RMB'000 |
| Share of the associates' profits and losses for the year | (33,648) | 15,756 | (35,974) |
| Share of the associates' total comprehensive income | (33,648) | 15,756 | (35,974) |
| Adjustment for unrealised profits and losses for related party transactions | (678) | (4,733) | (6,938) |
| Aggregate carrying amount of the Group's investments in the associates | <u>209,039</u> | <u>325,606</u> | <u>728,015</u> |

The associates have been accounted for using the equity method in this financial information.

The directors of the Company are of the opinion that no provision for impairment was necessary as at 31 December 2016, 2017 and 2018.

18. 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 | Expenses for offsetting against future taxable profits | Impairment of assets | Unrealised revenue in contract liabilities | Accrued LAT | Total |
|--|---|---|-------------------------|---|----------------|------------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2016 | 32,688 | 25,713 | 20,636 | 39,044 | 2,619 | 120,700 |
| Acquisition of subsidiaries (note 32) | 5,308 | — | — | — | — | 5,308 |
| Deferred tax credited/(charged) to profit or loss during the year (note 10) | <u>26,162</u> | <u>(2,752)</u> | <u>(1,271)</u> | <u>193,990</u> | <u>7,690</u> | <u>223,819</u> |
| At 31 December 2016 and 1 January 2017 | 64,158 | 22,961 | 19,365 | 233,034 | 10,309 | 349,827 |
| Deferred tax credited/(charged) to profit or loss during the year (note 10) | <u>31,688</u> | <u>42,399</u> | <u>(10,716)</u> | <u>962,893</u> | <u>83,529</u> | <u>1,109,793</u> |
| At 31 December 2017 and 1 January 2018 | 95,846 | 65,360 | 8,649 | 1,195,927 | 93,838 | 1,459,620 |
| Deferred tax (charged)/credited to profit or loss during the year (note 10) | <u>436,837</u> | <u>(22,340)</u> | <u>8,504</u> | <u>562,580</u> | <u>125,426</u> | <u>1,111,007</u> |
| At 31 December 2018 | <u>532,683</u> | <u>43,020</u> | <u>17,153</u> | <u>1,758,507</u> | <u>219,264</u> | <u>2,570,627</u> |

Deferred tax liabilities

| | Fair value adjustments arising from financial assets at FVPL | Fair value adjustments arising from investment properties | Fair value adjustments arising from business combinations | Recognition of revenue over time | Total |
|--|--|---|---|--|-----------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2016 | — | 741 | — | 19,495 | 20,236 |
| Acquisition of subsidiaries (note 32) | — | — | 100,187 | — | 100,187 |
| Deferred tax charged to profit or loss during the year (note 10) | 4,480 | 2,181 | — | 69,813 | 76,474 |
| At 31 December 2016 and 1 January 2017 | 4,480 | 2,922 | 100,187 | 89,308 | 196,897 |
| Acquisition of subsidiaries (note 32) | — | — | 159,719 | — | 159,719 |
| Deferred tax (credited)/charged to profit or loss during the year (note 10) | (1,343) | 65,475 | — | 317,876 | 382,008 |
| At 31 December 2017 | 3,137 | 68,397 | 259,906 | 407,184 | 738,624 |
| Acquisition of subsidiaries (note 32) | — | — | 100,841 | — | 100,841 |
| Deferred tax (credited)/charged to profit or loss during the year (note 10) | (1,010) | 17,993 | (88,373) | 285,354 | 213,964 |
| At 31 December 2018 | 2,127 | 86,390 | 272,374 | 692,538 | 1,053,429 |

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:

| | 31 December | | |
|---|-------------|-----------|-----------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Net deferred tax assets recognised in the consolidated statements of financial position | 253,117 | 980,902 | 1,852,380 |
| Net deferred tax liabilities recognised in the consolidated statements of financial position | (100,187) | (259,906) | (335,182) |
| | 152,930 | 720,996 | 1,517,198 |

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 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 1 January 2008.

At 31 December 2016, 2017 and 2018, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Company and 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 recognised totalled approximately RMB177,817,000 as at 2018.

Deferred tax assets have not been recognised in respect of the following items:

| | <u>31 December</u> | | |
|--|--------------------|----------------|----------------|
| | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| | <u>RMB'000</u> | <u>RMB'000</u> | <u>RMB'000</u> |
| Tax losses | 130,637 | 170,761 | 184,775 |
| Deductible temporary differences | 10,917 | 26,339 | 40,810 |
| | <u>141,554</u> | <u>197,100</u> | <u>225,585</u> |

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. As at 31 December 2016, 2017 and 2018, the Group did not recognise deferred tax assets of approximately RMB130,637,000, RMB170,761,000 and RMB184,775,000 in respect of losses amounting to approximately RMB522,548,000, RMB683,044,000 and RMB739,100,000, respectively, that can be carried forward to offset against future taxable income. These tax losses will expire up to and including years 2019, 2020, 2021 and 2022, respectively.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | <u>31 December</u> | | <u>30 September</u> |
|---|--------------------|----------------|---------------------|
| | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| | <u>RMB'000</u> | <u>RMB'000</u> | <u>RMB'000</u> |
| Wealth management products at fair value: | | | |
| At the beginning of the year | 12,000 | 596,189 | 297,171 |
| Acquisition of financial assets at fair value | 578,270 | 20,753 | 2,500 |
| Disposal of financial assets at fair value | (12,000) | (314,393) | (66,875) |
| Fair value changes | 17,919 | (5,378) | (4,039) |
| At the end of the year | <u>596,189</u> | <u>297,171</u> | <u>228,757</u> |

20. PROPERTIES UNDER DEVELOPMENT

| | 31 December | | |
|---|-------------------|-------------------|-------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| At the beginning of the year | 7,194,049 | 29,236,145 | 61,379,980 |
| Additions | 22,288,337 | 43,331,897 | 64,690,259 |
| Acquisition of subsidiaries (note 32) | 1,371,558 | 2,002,701 | 1,026,716 |
| Disposal of subsidiaries (note 33) | — | (900,476) | (3,115,570) |
| Transferred to completed properties held for sale (note 21) | (1,615,929) | (12,385,525) | (24,469,168) |
| Impairment losses recognised (note 6) | (22,173) | (5,988) | (54,800) |
| Impairment losses transferred to completed properties held for sale (note 21) | 20,303 | 101,226 | 23,989 |
| At the end of the year | <u>29,236,145</u> | <u>61,379,980</u> | <u>99,481,406</u> |

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 RMB16,518,063,000, RMB36,877,693,000 and RMB43,299,210,000 as at 31 December 2016, 2017 and 2018, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 28).

The movements in provision for impairment of properties under development are as follows:

| | 31 December | | |
|---|------------------|-----------------|-----------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| At the beginning of the year | (117,357) | (119,227) | (23,989) |
| Impairment losses recognised (note 6) | (22,173) | (5,988) | (54,800) |
| Impairment losses transferred to completed properties held for sale (note 21) | 20,303 | 101,226 | 23,989 |
| At the end of the year | <u>(119,227)</u> | <u>(23,989)</u> | <u>(54,800)</u> |

The value of properties under development was assessed at the end of each of the Relevant Periods. An impairment exists when the carrying value exceeds its net realisable value. (The net realisable value is determined by the Group with reference to the prevailing market conditions and prices existing, less applicable variable selling expenses and anticipated costs at completion, at the end of each reporting period.)

21. COMPLETED PROPERTIES HELD FOR SALE

| | 31 December | | |
|---|------------------|------------------|------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Carrying amount at the beginning of the year | 1,809,147 | 1,128,074 | 2,302,650 |
| Transferred from properties under development (note 20) | 1,615,929 | 12,385,525 | 24,469,168 |
| Transferred to cost of properties sold (note 6) | (2,294,518) | (11,181,321) | (23,204,462) |
| Impairment losses written off (note 6) | 17,819 | 71,598 | 53,029 |
| Impairment losses transferred from properties under development (note 20) | (20,303) | (101,226) | (23,989) |
| Carrying amount at the end of the year | <u>1,128,074</u> | <u>2,302,650</u> | <u>3,596,396</u> |

The movements in provision for impairment of completed properties held for sale are as follows:

| | 31 December | | |
|---|----------------|-----------------|----------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| At the beginning of the year | — | (2,484) | (32,112) |
| Impairment losses written off | 17,819 | 71,598 | 53,029 |
| Impairment losses transferred from properties under development (note 20) | (20,303) | (101,226) | (23,989) |
| At the end of the year | <u>(2,484)</u> | <u>(32,112)</u> | <u>(3,072)</u> |

The value of completed properties held for sale was assessed at the end of each of the Relevant Periods. An impairment exists when the carrying value exceeds its net realisable value. The net realisable value is determined by reference to the selling price based on prevailing market price less applicable selling expenses.

22. TRADE RECEIVABLES

| | 31 December | | |
|-------------------|-------------|----------|--------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Trade receivables | — | — | 4,354 |
| Impairment | — | — | — |
| | <u>—</u> | <u>—</u> | <u>4,354</u> |

Trade receivables mainly represent rentals receivable from tenants. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the

aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

| | <u>31 December</u> | | |
|------------------------|--------------------|-------------|-------------|
| | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| | RMB'000 | RMB'000 | RMB'000 |
| Less than 1 year | — | — | 4,354 |
| Over 1 year | — | — | — |
| | — | — | 4,354 |
| | = | = | = |

Receivables that were not past due relate to a large number of diversified customers for whom there was no recent history of default.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables is assessed to be 0.1%. Based on the evaluation on the expected loss rate and the gross carrying amount, the directors of the Company are of the opinion that the expected credit losses in respect of these balances are immaterial, and therefore, there has not been a loss allowance provision.

23. PREPAYMENTS AND OTHER RECEIVABLES

| | 31 December | | |
|--|------------------|------------------|-------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Prepaid tax and other tax recoverable | 861,579 | 2,474,097 | 4,831,011 |
| Deposits related to third parties' land use rights | 171,413 | 570,729 | 1,061,478 |
| Deposits for land auction | 1,111,600 | 264,804 | 1,310,696 |
| Other deposits | 115,981 | 355,225 | 3,110,325 |
| Progress prepayments for acquisition of land use rights | 137,800 | 1,334,026 | 370,952 |
| Prepayments for construction cost | 3,448 | 135,362 | 214,589 |
| Prepayments for investments in joint ventures and associates | — | 46,202 | 96,202 |
| Receivables from disposal of subsidiaries, joint ventures and associates . . . | — | 85,000 | 85,000 |
| Due from non-controlling shareholders of subsidiaries | 381,110 | 2,303,945 | 10,511,110 |
| Other receivables | 133,638 | 193,220 | 728,357 |
| | <u>2,916,569</u> | <u>7,762,610</u> | <u>22,319,720</u> |
| Less: Impairment | 497 | 2,659 | 13,623 |
| Less: Portion classified as current assets | <u>2,916,072</u> | <u>7,713,749</u> | <u>22,209,895</u> |
| Non-current portion | <u>—</u> | <u>46,202</u> | <u>96,202</u> |

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

The movements in provision for impairment of receivables are as follows:

| | 31 December | | |
|--|-------------|--------------|---------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| At the beginning of the year | 24 | 497 | 2,659 |
| Impairment losses recognised | <u>473</u> | <u>2,162</u> | <u>10,964</u> |
| At the end of the year | <u>497</u> | <u>2,659</u> | <u>13,623</u> |

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries and other deposits were 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 expected loss rate of these receivables is assessed to be 0.1%. 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 RMB497,000, RMB2,659,000, and RMB13,623,000 as at 31 December 2016, 2017 and 2018, respectively.

24. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

Group

| | 31 December | | |
|-------------------------------------|------------------|-------------------|-------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Cash and bank balances | 8,501,037 | 16,484,323 | 23,080,364 |
| Less: Restricted cash | 3,383,921 | 5,030,343 | 7,892,069 |
| Pledged deposits | 269,646 | 705,958 | 636,777 |
| Cash and cash equivalents | <u>4,847,470</u> | <u>10,748,022</u> | <u>14,551,518</u> |
| Denominated in RMB | 4,847,470 | 10,748,022 | 14,551,510 |
| Denominated in HK\$ | — | — | 8 |
| | <u>4,847,470</u> | <u>10,748,022</u> | <u>14,551,518</u> |

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. As at 31 December 2016, 2017 and 2018, such restricted cash amounted to RMB3,383,921,000, RMB5,030,343,000 and RMB7,892,069,000, respectively.

Certain of the Group's pledged deposits with aggregate carrying amounts of approximately RMB21,500,000 as at 31 December 2018, have been pledged to secure bank and other borrowings granted to the Group (note 28).

Bank deposits of RMB269,646,000, RMB705,958,000 and RMB615,277,000 were pledged as security for purchasers' mortgage loans, or construction of projects, or pledged to banks as collateral for issuance of bank acceptance notes as at 31 December 2016, 2017 and 2018, respectively.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

The internal credit rating of restricted cash, pledged deposits and cash and cash equivalents were 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 the 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

Company

| | <u>31 December</u> |
|---------------------------------|--------------------|
| | <u>2018</u> |
| | <u>RMB'000</u> |
| Cash and bank balances | 1,144 |
| Less: Restricted cash | — |
| Pledged deposits | <u>—</u> |
| Cash and cash equivalents | <u>1,144</u> |
| Denominated in RMB | <u>1,144</u> |
| | <u>1,144</u> |

25. TRADE AND BILLS PAYABLES

An ageing 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:

| | <u>31 December</u> | | |
|------------------------|--------------------|------------------|------------------|
| | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| | <u>RMB'000</u> | <u>RMB'000</u> | <u>RMB'000</u> |
| Less than 1 year | 1,976,554 | 4,809,384 | 8,421,930 |
| Over 1 year | <u>10,127</u> | <u>30,158</u> | <u>76,365</u> |
| | <u>1,986,681</u> | <u>4,839,542</u> | <u>8,498,295</u> |

Trade and bills 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.

26. OTHER PAYABLES AND ACCRUALS

| | 31 December | | |
|---|------------------|------------------|-------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Due to non-controlling shareholders of subsidiaries | 967,692 | 1,744,072 | 14,711,981 |
| Advances from third parties related to land auction | 219,843 | 812,206 | 2,384,679 |
| Retention deposits related to construction | 419,684 | 726,450 | 1,006,885 |
| Deposits related to sales of properties | 33,301 | 237,287 | 576,755 |
| Business tax and surcharges | 22,826 | 222,111 | 369,625 |
| Payroll and welfare payable | 51,118 | 219,518 | 675,027 |
| Interest payable | 102,732 | 119,878 | 160,719 |
| Others | 87,148 | 235,160 | 590,497 |
| | <u>1,904,344</u> | <u>4,316,682</u> | <u>20,476,168</u> |

Other payables and amounts due to non-controlling shareholders of subsidiaries are unsecured and repayable on demand. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

27. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

| | 31 December | | |
|----------------------------|-------------------|-------------------|-------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Contract liabilities | <u>16,882,989</u> | <u>51,891,569</u> | <u>95,482,250</u> |

The Group receives payments from customers based on billing schedules as established in the property sales contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales.

The following table shows the revenue recognised during Relevant Periods related to carried-forward contract liabilities.

| | <u>Year ended 31 December</u> | | |
|---|-------------------------------|------------------|-------------------|
| | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| | RMB'000 | RMB'000 | RMB'000 |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | | | |
| Sale of properties | <u>1,810,832</u> | <u>9,332,420</u> | <u>25,266,984</u> |

The following table includes the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) related to sales of properties as at the end of each of the Relevant Periods.

| | <u>31 December</u> | | |
|--|--------------------|-------------------|--------------------|
| | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| | RMB'000 | RMB'000 | RMB'000 |
| Expected to be satisfied within one year | 9,434,035 | 25,956,532 | 57,390,581 |
| Expected to be satisfied over one year | <u>13,369,437</u> | <u>36,154,078</u> | <u>56,248,173</u> |
| | <u>22,803,472</u> | <u>62,110,610</u> | <u>113,638,754</u> |

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

| | 31 December 2016 | | | 31 December 2017 | | | 31 December 2018 | | |
|--|-----------------------------|----------|-------------------|-----------------------------|----------|-------------------|-----------------------------|----------|-------------------|
| | Effective interest rate (%) | Maturity | RMB'000 | Effective interest rate (%) | Maturity | RMB'000 | Effective interest rate (%) | Maturity | RMB'000 |
| Current | | | | | | | | | |
| Bank loans — secured | 8.40 | 2017 | 95,238 | 6.32-10.20 | 2018 | 887,000 | 4.57-14.40 | 2019 | 490,000 |
| Bank loans — unsecured | 10.00 | 2017 | 300,000 | — | — | — | 9.00-12.50 | 2019 | 232,000 |
| Other loans — secured | 6.18-19.06 | 2017 | 6,799,259 | 5.70-13.00 | 2018 | 3,488,744 | 9.00-14.00 | 2019 | 5,854,621 |
| Other loans — unsecured | 9.80-12.50 | 2017 | 110,550 | 12.00 | 2018 | 178,860 | 6.53-18.00 | 2019 | 673,201 |
| Current portion of long term bank loans — secured | 5.23-8.00 | 2017 | 1,651,800 | 5.00-7.41 | 2018 | 1,375,822 | 5.25-9.80 | 2019 | 4,593,900 |
| Current portion of long term other loans — secured | 9.00-10.00 | 2017 | 835,286 | 6.85-13.91 | 2018 | 1,630,638 | 6.15-12.50 | 2019 | 2,624,950 |
| | | | 9,792,133 | | | 7,561,064 | | | 14,468,672 |
| Non-current | | | | | | | | | |
| Bank loans — secured | 5.23-8.08 | 2018-19 | 5,499,100 | 4.75-10.85 | 2019-20 | 9,863,878 | 4.51-9.80 | 2020-21 | 5,211,318 |
| Bank loans — unsecured | — | — | — | — | — | — | 9.45 | 2021 | 820,000 |
| Other loans — secured | 6.18-11.78 | 2018-19 | 4,892,973 | 6.00-10.50 | 2019-20 | 6,944,504 | 6.89-14.00 | 2020-21 | 4,844,927 |
| Other loans — unsecured | 6.18-9.00 | 2018 | 42,420 | 7.50-12.44 | 2019-20 | 106,899 | 13.50-14.50 | 2020 | 1,660,000 |
| | | | 10,434,493 | | | 16,915,281 | | | 12,536,245 |
| | | | 20,226,626 | | | 24,476,346 | | | 27,004,917 |

| | 31 December | | |
|--|-------------------|-------------------|-------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Analysed into: | | | |
| Bank loans repayable: | | | |
| Within one year or on demand | 2,047,038 | 2,262,822 | 5,315,900 |
| In the second year | 2,292,100 | 7,744,978 | 3,979,318 |
| In the third to fifth years, inclusive | 3,207,000 | 2,118,900 | 2,052,000 |
| | <u>7,546,138</u> | <u>12,126,700</u> | <u>11,347,218</u> |
| Other borrowings repayable: | | | |
| Within one year or on demand | 7,745,095 | 5,298,242 | 9,152,772 |
| In the second year | 4,056,924 | 6,822,963 | 6,104,927 |
| In the third to fifth years, inclusive | 878,469 | 228,440 | 400,000 |
| | <u>12,680,488</u> | <u>12,349,645</u> | <u>15,657,699</u> |
| | <u>20,226,626</u> | <u>24,476,345</u> | <u>27,004,917</u> |

The Group's borrowings are all denominated in RMB.

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 as follows:

| | Notes | 31 December | | |
|------------------------------|-------|-------------------|-------------------|-------------------|
| | | 2016 | 2017 | 2018 |
| | | RMB'000 | RMB'000 | RMB'000 |
| Properties under development | 20 | <u>16,518,063</u> | <u>36,877,693</u> | <u>43,299,210</u> |
| Investment properties | 14 | — | — | <u>349,000</u> |
| Pledged deposits | 24 | — | — | <u>21,500</u> |

Management of the Company has assessed that the fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

- i. The Group's bank and other borrowings were guaranteed by its related parties (note 37(4)).
- ii. 三門華順投資有限公司 ("Sanmen Huashun Investment Co., Ltd.") has guaranteed certain of the bank and other borrowings of up to RMB90,000,000 as at 31 December 2016.
- iii. 樂清迅弘貿易有限公司 ("Yueqing Xunhong Trading Co., Ltd.") has guaranteed certain of the bank and other borrowings of up to RMB79,000,000 as at 31 December 2017.

- iv. 臨泉縣梁安置業有限公司 (“Linqun Liang’an Property Co., Ltd.”) has guaranteed certain of the bank and other borrowings of up to RMB355,900,000 as at 31 December 2018.
- v. 漣水瑞發置業有限公司 (“Lianshui Ruifa Property Co., Ltd.”) has guaranteed certain of the bank and other borrowings of up to RMB140,000,000 as at 31 December 2018.

29. SHARE CAPITAL

Shares

| | <u>31 December 2018</u> |
|---|-------------------------|
| | HK\$ |
| Authorised: | |
| 38,000,000 ordinary shares of HK\$0.01 each | <u>380,000</u> |

A summary of movements in the Company’s share capital is as follows:

| | <u>Number of</u> | <u>Share capital</u> |
|--|------------------------|----------------------|
| | <u>shares in issue</u> | <u>RMB’000</u> |
| At 22 March 2018 (date of incorporation) | — | — |
| Issuance of new shares | <u>9,694,675</u> | <u>85</u> |
| At 31 December 2018 | <u>9,694,675</u> | <u>85</u> |

The Company was incorporated in the Cayman Islands on 22 March 2018 with authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 at par value each. On the date of incorporation, 1 ordinary share of HK\$0.01 was allotted by the Company to a subscriber, and was transferred to Liangzhong International Co., Ltd, a company controlled by Mr. Yang Jian , on 29 March 2018.

On 29 March 2018, 1 ordinary share of HK\$0.01 was allotted and issued by the Company for cash to each of Liangyi International Co., Ltd and Liangtai International Co., Ltd.

On 22 June 2018, 94 ordinary shares, 2 ordinary shares and 1 ordinary share were allotted and issued by the Company to Liangzhong International Co., Ltd., Liangyi International Co., Ltd., and Liangtai International Co., Ltd., respectively.

On 15 August 2018, 9,119,905 shares, 287,997 shares and 191,998 shares, which were all fully paid up at an aggregate consideration of US\$140,265,600, were allotted and issued to Liangzhong International Co., Ltd., Liangyi International Co., Ltd. and Liangtai International Co., Ltd., respectively.

On 29 August 2018, 94,675 shares were allotted and issued to Abundant Talent Global Co., Ltd., and the issued share capital of the Company was HK\$96,946.75.

30. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2016, 2017 and 2018 are presented in the consolidated statements of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) 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.

(c) 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 PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the 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.

(d) Capital reserve

The capital reserve represents any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid for acquisition of non-controlling interests in subsidiaries. Details of the movements in the capital reserve are set out in the consolidated statements of changes in equity.

Company

| | Share premium | Retained profits | Reserves |
|---|------------------|---------------------|----------------|
| | RMB'000 | RMB'000 | RMB'000 |
| As at 31 December 2017 and 1 January 2018 | — | — | — |
| Profit for the year | — | 4,414 | 4,414 |
| Issuance of new shares | 954,732 | — | 954,732 |
| As at 31 December 2018 | <u>954,732</u> | <u>4,414</u> | <u>959,146</u> |

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in liabilities arising from financing activities

| | Interest-bearing bank and other borrowings | Due to related companies | Total liabilities from financing activities |
|---|--|--------------------------------|---|
| | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2016 | 5,126,397 | 769,605 | 5,896,002 |
| Cash flows from financing activities | <u>15,100,229</u> | <u>3,641,916</u> | <u>18,742,145</u> |
| At 31 December 2016 | 20,226,626 | 4,411,521 | 24,638,147 |
| Cash flows from financing activities | <u>4,249,719</u> | <u>5,437,601</u> | <u>9,687,320</u> |
| At 31 December 2017 | 24,476,345 | 9,849,122 | 34,325,467 |
| Cash flows from financing activities | <u>2,528,572</u> | <u>2,717,869</u> | <u>5,246,441</u> |
| Cash flows used in non-financing activities | — | <u>(5,147,853)</u> | <u>(5,147,853)</u> |
| At 31 December 2018 | <u>27,004,917</u> | <u>7,419,138</u> | <u>34,424,055</u> |

32. BUSINESS COMBINATIONS

(a) Acquisition of Hangzhou Yuanmao Property Co., Ltd (“Hangzhou Yuanmao”)

On 11 July 2016, the Group acquired a 100% equity interest in Hangzhou Yuanmao, an unlisted company with registered capital of RMB250,000,000 from 浙江元茂實業發展有限公司 (“Zhejiang Yuanmao Industry Development Co., Ltd.”) and 浙江安吉湖濱居建設開發有限公司 (“Zhejiang Anji Lakeside Property Development Co., Ltd.”). Hangzhou Yuanmao is mainly engaged in real estate development and operation. Prior to the share transfer, the ultimate controller of Hangzhou Yuanmao was Xu Songmao. Mr. Xu sold his 100% equity interest in Hangzhou Yuanmao to the Group to finance his own capital needs due to the shortage of liquidity. Immediately after the share transfer, the property market around Hangzhou city recovered. Benefit from the quick decision process and the synergy achieved, the Company was able to complete the share purchase with a bargain price. The acquisition was part of the Group’s strategy to expand its market share of property development and operation. The acquisition was satisfied by cash of RMB32,000,000 at the acquisition date.

Since the acquisition, Hangzhou Yuanmao contributed RMB192,076,000 to the Group’s revenue and a profit of RMB10,000,000 to the consolidated statement of profit or loss and other comprehensive income for the

year ended 31 December 2016. Had the combination taken place at 1 January 2016, the revenue and loss of the Group would have been RMB3,140,700,000 and RMB336,582,000 respectively.

The fair values of the identifiable assets and liabilities of Hangzhou Yuanmao Property Co., Ltd. as at the date of acquisition were as follows:

| | Year 2016 Fair value recognised on acquisition |
|--|---|
| | RMB'000 |
| Property, plant and equipment (note 13) | 5 |
| Properties under development (note 20) | 405,780 |
| Cash and cash equivalents | 54,093 |
| Prepayments and other receivables | 12,467 |
| Trade and bills payables | (115) |
| Other payables and accruals | (168,086) |
| Contract liabilities | (13,912) |
| Interest-bearing bank and other borrowings | (100,000) |
| Deferred tax liabilities (note 18) | <u>(5,009)</u> |
| Total identifiable net assets at fair value | <u>185,223</u> |
| Gains on bargain purchase recognised in other income and gains in profit or loss | <u>(153,223)</u> |
| Satisfied by cash | <u>32,000</u> |

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

| | RMB'000 |
|--|----------------|
| Cash consideration | (32,000) |
| Cash and cash equivalents acquired | <u>54,093</u> |
| Net inflow of cash and cash equivalents included in cash flows from investing activities | <u>22,093</u> |

(b) Acquisition of Suzhou Dingxin Wudi Real Estate Development Co., Ltd. ("Suzhou Dingxin")

On 1 May 2016, the Group acquired a 100% equity interest in Suzhou Dingxin, an unlisted company with registered capital of RMB500,000,000. Suzhou Dingxin is mainly engaged in property development. The acquisition was part of the Group's strategy to expand its market share of property development. The purchase consideration for the acquisition was in the form of cash, with RMB500,000,000 settled at the acquisition date.

Since the acquisition, Suzhou Dingxin contributed nil to the Group's revenue and caused a loss of RMB19,349,000 to the consolidated statement of profit or loss and other comprehensive income for the year

ended 31 December 2016. Had the combination taken place at 1 January 2016, the revenue and loss of the Group would have been RMB3,113,303,000 and RMB304,891,000 respectively.

(c) **Acquisition of 無錫市聯豐置業發展有限公司 (“Wuxi Lianfeng Property Co., Ltd.”) (“Wuxi Lianfeng”)**

On 11 October 2017, the Group acquired a 100% equity interest in Wuxi Lianfeng, an unlisted company with registered capital of RMB100,000,000. Wuxi Lianfeng is mainly engaged in property development. The acquisition was part of the Group's strategy to expand its market share of property development. The purchase consideration for the acquisition was in the form of cash, with RMB238,000,000 at the acquisition date.

Since the acquisition, Wuxi Lianfeng contributed nil to the Group's revenue and caused a loss of RMB925,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017. Had the combination taken place at 1 January 2017, the revenue and profit of the Group would have been RMB14,026,299,000 and RMB487,599,000, respectively.

(d) **Acquisition of Changzhou Ruiwei Property Co., Ltd. (“Changzhou Ruiwei”)**

On 22 August 2017, the Group acquired a 100% equity interest in Changzhou Ruiwei, an unlisted company, with registered capital of RMB495,530,000. Changzhou Ruiwei is mainly engaged in property development and operation. The acquisition was part of the Group's strategy to expand its market share of property development. The purchase consideration for the acquisition was in the form of cash, with RMB633,832,000 settled at the acquisition date.

Since the acquisition, Changzhou Ruiwei contributed RMB28,557,000 to the Group's revenue and caused a loss of RMB2,356,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017. Had the combination taken place at 1 January 2017, the revenue and profit of the Group would have been RMB14,107,032,000 and RMB487,513,000, respectively.

(e) **Acquisition of Jiangsu Yinwu Real Estate Development Co., Ltd. (“Jiangsu Yinwu”)**

On 5 January 2017, the Group acquired a 100% equity interest in Jiangsu Yinwu, an unlisted company, with registered capital of RMB80,000,000. Jiangsu Yinwu is mainly engaged in property development and operation. The acquisition was part of the Group's strategy to expand its market share of property development. The purchase consideration for the acquisition was in the form of cash, with nil at the acquisition date.

Since the acquisition, Jiangsu Yinwu contributed nil to the Group's revenue and caused a loss of RMB12,068,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017. Had the combination taken place at 1 January 2017, the revenue and profit of the Group would have been RMB14,026,299,000 and RMB498,574,000, respectively.

(f) **Acquisition of Jiangyin Hongyang Property Co., Ltd. (“Jiangyin Hongyang”)**

On 14 June 2017, the Group acquired a 100% equity interest in Jiangyin Hongyang, an unlisted company, with registered capital of RMB50,000,000. Jiangyin Hongyang is mainly engaged in property development and

operation. The acquisition was part of the Group's strategy to expand its market share of property development. The purchase consideration for the acquisition was in the form of cash, with nil at the acquisition date.

Since the acquisition, Jiangyin Hongyang contributed nil to the Group's revenue and caused a loss of RMB10,009,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017. Had the combination taken place at 1 January 2017, the revenue and profit of the Group would have been RMB14,026,299,000 and RMB498,574,000, respectively.

(g) Acquisition of Taizhou Huada Property Co., Ltd. ("Taizhou Huada")

On 26 June 2017, the Group acquired a 70% equity interest in Taizhou Huada, an unlisted company with registered capital of RMB8,000,000. Taizhou Huada is mainly engaged in property development. The acquisition was part of the Group's strategy to expand its market share of property development. The purchase consideration for the acquisition was in the form of cash, with RMB46,226,000 settled at the acquisition date.

Since the acquisition, Taizhou Huada contributed nil to the Group's revenue and caused a loss of RMB5,470,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017. Had the combination taken place at 1 January 2017, the revenue and profit of the Group would have been RMB14,026,299,000 and RMB497,607,000, respectively.

(h) Acquisition of Fujian Jiajing Property Co., Ltd. ("Fujian Jiajing")

On 3 January 2018, the Group acquired a 100% equity interest in Fujian Jiajing, an unlisted company, with registered capital of RMB110,000,000. Fujian Jiajing is mainly engaged in property development. The acquisition was part of the Group's strategy to expand its market share of property development. The purchase consideration for the acquisition was in the form of cash, with RMB110,000,000 settled at the acquisition date.

Since the acquisition, Fujian Jiajing contributed RMB110,651,000 to the Group's revenue and caused a loss of RMB82,433,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018. Had the combination taken place at 1 January 2018, the revenue and profit of the Group would have been RMB30,214,688 and RMB2,577,309,000, respectively.

(i) Acquisition of 河源市金基房地產開發有限公司 ("Heyuan Jinji Real Estate Development Co., Ltd.") ("Heyuan Jinji")

On 11 November 2018, the Group acquired a 100% equity interest in Heyuan Jinji, an unlisted company, with registered capital of RMB10,000,000. Heyuan Jinji is mainly engaged in property development. The acquisition was part of the Group's strategy to expand its market share of property development. The purchase consideration for the acquisition was in the form of cash, with RMB134,894,588 settled at the acquisition date.

Since the acquisition, Heyuan Jinji contributed nil to the Group's revenue and caused a loss of RMB1,052,237 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018. Had the combination taken place at 1 January 2018, the revenue and profit of the Group would have been RMB30,214,688,000 and RMB2,576,519,000, respectively.

The fair values of the identifiable assets and liabilities of the subsidiaries acquired (b~i) as at the dates of acquisition were as follows:

| | Year 2016 Fair value recognised on acquisition | Year 2017 Fair value recognised on acquisition | Year 2018 Fair value recognised on acquisition |
|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 |
| Property, plant and equipment (note 13) | 5,819 | 36 | 52,385 |
| Properties under development (note 20) | 965,778 | 2,002,701 | 1,026,716 |
| Cash and cash equivalents | 24,589 | 36,476 | 15,065 |
| Prepayments and other receivables | 66,744 | 229,918 | 15,605 |
| Deferred tax assets (note 18) | 5,308 | — | — |
| Trade and bills payables | (72,429) | (492,127) | (16,739) |
| Other payables and accruals | (364,946) | (554,387) | (684,717) |
| Contract liabilities | — | (18,388) | (1,063) |
| Tax payable | — | (936) | (12,116) |
| Interest-bearing bank and other borrowings | — | (101,000) | (49,400) |
| Deferred tax liabilities (note 18) | (95,178) | (159,719) | (100,841) |
| Total identifiable net assets at fair value | <u>535,685</u> | <u>942,574</u> | <u>244,895</u> |
| Non-controlling interests measured at non-controlling interests' proportionate share of the net assets | <u>—</u> | <u>(19,515)</u> | <u>—</u> |
| Net assets acquired | <u>535,685</u> | <u>923,059</u> | <u>244,895</u> |
| Satisfied by cash | <u>535,685</u> | <u>923,059</u> | <u>244,895</u> |

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

| | RMB'000 | RMB'000 | RMB'000 |
|---|------------------|------------------|------------------|
| Cash consideration | (535,685) | (923,059) | (244,895) |
| Cash and cash equivalents acquired | <u>24,589</u> | <u>36,476</u> | <u>15,065</u> |
| Net out flow of cash and cash equivalents included in cash flows from investing activities | <u>(511,096)</u> | <u>(886,583)</u> | <u>(229,830)</u> |

33. DISPOSAL OF SUBSIDIARIES

(a) 上海中梁毅置業有限公司 (“Shanghai Zhongliangyi Property Co., Ltd.”)

Pursuant to the share transfer agreement dated 11 May 2017, the Group disposed of its 50% equity interest in Shanghai Zhongliangyi Property Co., Ltd. to 上海希盟資產經營管理有限公司 (“Shanghai Ximeng Capital Management Co., Ltd.”) for a consideration of RMB85,000,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 30 June 2017.

(b) 上海新中梁房地產開發集團有限公司 (“**Shanghai Xinzhongliang Real Estate Group Co., Ltd.**”)

Pursuant to the share transfer agreement dated 12 March 2018, the Group disposed of its 100% equity interest in Shanghai Xinzhongliang Real Estate Co., Ltd. to a related party, 蘇州工業園區華成房地產開發有限公司 (“Suzhou Industrial Park Huacheng Real Estate Development Limited”), for a consideration of RMB100,000,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 31 March 2018.

(c) 上海華成中梁置業有限公司 (“**Shanghai Huacheng Zhongliang Real Estate Co., Ltd.**”)

Pursuant to the share transfer agreement dated 12 March 2018, the Group disposed of its 100% equity interest in Shanghai Huacheng Zhongliang Real Estate Co., Ltd. to a related party, Suzhou Industrial Park Huacheng Real Estate Development Limited, for a consideration of RMB60,000,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 31 March 2018.

(d) 上海金華成置業有限公司 (“**Shanghai Jinhua Cheng Real Estate Co., Ltd.**”)

Pursuant to the share transfer agreement dated 31 March 2018, the Group disposed of its 100% equity interest in Shanghai Jinhua Cheng Real Estate Co., Ltd. to a related party, Suzhou Industrial Park Huacheng Real Estate Development Limited, for a consideration of RMB50,000,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 30 April 2018.

(e) 安徽鵠環企業管理諮詢有限公司 (“**Anhui Huhuan Management Consulting Co., Ltd.**”)

Pursuant to the share transfer agreement dated 2 May 2018, the Group disposed of its 100% equity interest in Anhui Huhuan Management Consulting Co., Ltd. to a related party, 浙江天劍置業有限公司 (“Zhejiang Tianjian Real Estate Co., Ltd.”), for a consideration of nil. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 31 May 2018.

(f) 濱州市梁基置業有限公司 (“**Binzhou Liangji Real Estate Co., Ltd.**”)

Pursuant to the share transfer agreement dated 16 April 2018, the Group disposed of its 100% equity interest in Binzhou Liangji Real Estate Co., Ltd. to a related party, Zhejiang Tianjian Real Estate Co., Ltd., for a consideration of RMB50,000,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 30 April 2018.

(g) 上海中梁物業發展有限公司 (“**Shanghai Zhongliang Property Development Co., Ltd.**”)

Pursuant to the share transfer agreement dated 20 March 2018, the Group disposed of its 100% equity interest in Shanghai Zhongliang Property Development Co., Ltd. to a related party, 上海良中管理諮詢有限公司 (“Shanghai Liangzhong Management Consulting Co., Ltd.”), for a consideration of RMB5,000,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 31 March 2018.

(h) 梁嶽管理諮詢(上海)有限公司 (“**Liangyue Management Consulting (Shanghai) Co., Ltd.**”)

Pursuant to the share transfer agreement dated 3 May 2018, the Group disposed of its 100% equity interest in Liangyue Management Consulting (Shanghai) Co., Ltd. to a related party, 創弘棠(上海)管理諮詢有限公司 (“Chuanghongtang (Shanghai) Management Consulting Co., Ltd.”), for a consideration of RMB8,000,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 31 May 2018.

(i) 廈門梁博置業有限公司 (“**Xiamen Liangbo Property Development Co., Ltd.**”)

Pursuant to the share transfer agreement dated 22 January 2018, the Group disposed of its 100% equity interest in Xiamen Liangbo Property Development Co., Ltd. to a related party, Zhejiang Tianjian Real Estate Co., Ltd., for a consideration of nil. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 31 January 2018.

(j) 長沙梁軒置業有限公司 (“**Changsha Liangxuan Real Estate Co., Ltd.**”)

Pursuant to the share transfer agreement dated 28 August 2018, the Group disposed of its 99% equity interest in Changsha Liangxuan Real Estate Co., Ltd. to 利得股權投資管理有限公司 (“Profit Equity Investment Management Co., Ltd.”) for a consideration of nil. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 31 August 2018.

(k) **Laiwu Yinghe Zhongliang Real Estate Co., Ltd.**

Pursuant to the share transfer agreement dated 19 July 2018, the Group disposed of its 66% equity interest in Laiwu Yinghe Zhongliang Real Estate Co., Ltd. to 萊蕪贏和置業有限公司 (“Laiwu Yinghe Real Estate Co., Ltd.”) for a consideration of nil. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 31 July 2018.

(l) **Shaoyang Liangtai Real Estate Development Co., Ltd.**

Pursuant to the share transfer agreement dated 31 July 2018, the Group disposed of its 15% equity interest in Shaoyang Liangtai Real Estate Development Co., Ltd. to 武漢長興輝業管理合夥企業(有限合夥) (“Wuhan Changxing Huiye Management Partnership (Limited Partnership)”) for a consideration of RMB7,500,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 31 July 2018.

(m) 金華市福橋置業有限公司 (“**Jinhua Fuqiao Property Co., Ltd.**”)

Pursuant to the share transfer agreement dated 30 August 2018, the Group disposed of its 50% equity interest in Jinhua Fuqiao Real Estate Co., Ltd. to 杭州金地自在城房地產發展有限公司 (“Hangzhou Jindi Zizaicheng Real Estate Development Co., Ltd.”) for a consideration of RMB10,000,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 31 August 2018.

(n) 吉安中梁泰置業有限公司 (“**Ji’an Zhongliangtai Property Co., Ltd.**”)

Pursuant to the share transfer agreement dated 15 August 2018, the Group disposed of its 30% equity interest in Ji’an Zhongliangtai Property Co., Ltd. to 五礦國際信託有限公司 (“Minmetals International Trust Co. Ltd.”) for a consideration of RMB21,430,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 31 August 2018.

(o) 梁寶（杭州）互聯網科技服務有限公司 (“**Liang Bao (Hangzhou) Internet Technology Service Co., Ltd.**”)

Pursuant to the share transfer agreement dated 19 December 2018, the Group disposed of its 50% equity interest in Liang Bao (Hangzhou) Internet Technology Service Co., Ltd. to Mr. Shang Zhen for a consideration of nil. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 30 November 2018.

Pursuant to the share transfer agreement dated 19 December 2018, the Group disposed of its 50% equity interest in Liang Bao (Hangzhou) Internet Technology Service Co., Ltd. to Ms. Wen Bing for a consideration of nil. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 30 November 2018.

(p) 上海興滄置業有限公司 (“**Shanghai Xinghu Real Estate Co., Ltd.**”)

Pursuant to the share transfer agreement dated 11 December 2018, the Group disposed of its 50% equity interest in Shanghai Xinghu Real Estate Co., Ltd. to Mr. Shang Zhen for a consideration of nil. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 30 November 2018.

Pursuant to the share transfer agreement dated 11 December 2018, the Group disposed of its 50% equity interest in Shanghai Xinghu Real Estate Co., Ltd. to Ms. Wen Bing for a consideration of nil. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 30 November 2018.

(q) 杭州梁晟置業有限公司 (“**Hangzhou Liangsheng real estate co., Ltd.**”)

Pursuant to the share transfer agreement dated 1 November 2018, the Group disposed of its 100% equity interest in Hangzhou Liangsheng Real Estate Co., Ltd. to 鴻翔房地產開發有限公司 (“Hongxiang Real Estate Co. Ltd.”) for a consideration of nil. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 31 October 2018.

(r) 南京梁碩置業有限公司 (“**Nanjing Liangshuo Real Estate Co., Ltd.**”)

Pursuant to the share transfer agreement dated 15 October 2018, the Group disposed of its 99% equity interest in Nanjing Liangshuo Real Estate Co., Ltd. to 嘉興盛世神州包利股權投資合夥企業（有限合夥） (“Jiaying

Shengshi Shenzhou Baoli Equity Investment Partnership (Limited Partnership)”) for a consideration of nil. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 31 October 2018.

The carrying values of the assets and liabilities on the dates of disposal were as follows:

| | Year ended 31 December 2017 | Year ended 31 December 2018 |
|--|-----------------------------------|-----------------------------------|
| | RMB'000 | RMB'000 |
| Net assets disposed of: | | |
| Property, plant and equipment (note 13) | 872 | 2,420 |
| Properties under development (note 20) | 900,476 | 3,115,570 |
| Tax recoverable | 29,510 | 1,563 |
| Cash and cash equivalents | 370,368 | 75,456 |
| Investments in associates | — | 214,343 |
| Prepayments and other receivables | 468,216 | 2,639,274 |
| Trade and bills payables | (47,380) | (236,169) |
| Contract liabilities | (1,120,816) | (334) |
| Interest-bearing bank and other borrowings | (449,000) | (215,000) |
| Other payables and accruals | (11,024) | (5,242,187) |
| Non-controlling interests | (70,611) | (8,724) |
| | 70,611 | 346,212 |
| Gain/(loss) on disposal of subsidiaries | 14,389 | (23,215) |
| | <u>85,000</u> | <u>322,997</u> |
| Satisfied by cash | <u>—</u> | <u>—</u> |

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiaries is as follows:

| | Year ended 31 December 2017 | Year ended 31 December 2018 |
|---|-----------------------------------|-----------------------------------|
| | RMB'000 | RMB'000 |
| Cash consideration | <u>—</u> | <u>—</u> |
| Cash and cash equivalents disposed of | (370,368) | (75,456) |
| Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries . . . | <u>(370,368)</u> | <u>(75,456)</u> |

The directors of the Company consider that not all subsidiaries disposed of were significant to the Group and thus the individual financial information of some subsidiaries on the disposal date was not disclosed.

34. CONTINGENT LIABILITIES

At the end of each of the Relevant Periods, contingent liabilities not provided for in the Historical Financial Information were as follows:

| | Notes | 31 December | | |
|---|-------|------------------|-------------------|-------------------|
| | | 2016 | 2017 | 2018 |
| | | RMB'000 | RMB'000 | RMB'000 |
| Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties | (1) | <u>6,601,326</u> | <u>20,816,265</u> | <u>28,897,294</u> |
| Guarantees given to banks in connection with facilities granted to related companies | (2) | <u>97,750</u> | <u>435,000</u> | <u>6,594,169</u> |

- (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 to repay 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 realise 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 half a year 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 realisable 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.

- (2) The Group provided guarantees to banks and other institutions in connection with borrowings made to the related companies. The directors of the Company consider that no provision is needed in respect of the guarantees provided to the related parties as of 31 December 2016 and 2017. As of 31 December 2018, an allowance of RMB84,869,000 was provided as a result of the guarantees provided to the related companies. Further details of the provision are included in note 38 to the Historical Financial Information.

35. OPERATING LEASE ARRANGEMENTS**As lessor**

The Group leases out its investment properties (note 14) under operating lease arrangements with leases negotiated terms ranging from 15 to 20 years. The terms of leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of each of the Relevant Periods, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

| | <u>31 December</u> | | |
|--------------------------|--------------------|----------------|----------------|
| | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| | <u>RMB'000</u> | <u>RMB'000</u> | <u>RMB'000</u> |
| Within one year | — | 1,407 | 9,760 |
| In the second year | — | 2,260 | 10,457 |
| In the third year | — | 2,957 | 10,993 |
| After third years | — | 48,493 | 198,894 |
| | <u>—</u> | <u>55,117</u> | <u>230,104</u> |

As lessee

The Group leases certain of its office properties under operating lease arrangements, negotiated for terms of three months to six years with an option for renewal after the end of the lease terms, at which time all terms will be renegotiated.

At the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| | <u>31 December</u> | | |
|---|--------------------|----------------|----------------|
| | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| | <u>RMB'000</u> | <u>RMB'000</u> | <u>RMB'000</u> |
| Within one year | 11,607 | 33,495 | 67,934 |
| In the second to fifth years, inclusive | 7,640 | 33,535 | 72,635 |
| After five years | <u>—</u> | <u>—</u> | <u>3,723</u> |
| | <u>19,247</u> | <u>67,030</u> | <u>144,292</u> |

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35 above, the Group had the following capital commitments at the end of each of the Relevant Periods:

| | 31 December | | |
|--|-------------------|-------------------|-------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Contracted, but not provided for: | | | |
| Property development activities | 11,587,726 | 16,258,723 | 40,652,123 |
| Acquisition of land use rights | 1,220,634 | 757,211 | 1,930,992 |
| Capital contributions payable to joint ventures and associates | 306,329 | 616,278 | 1,464,253 |
| | <u>13,114,689</u> | <u>17,632,212</u> | <u>44,047,368</u> |

37. RELATED PARTY TRANSACTIONS

(1) Name and relationship

| Name of related parties | Relationship with the Group |
|--|-----------------------------|
| Baoshan Biyong Real Estate Development Co., Ltd. | Joint venture |
| Chongqing Zhengjiang Real Estate Development Co., Ltd. | Joint venture |
| Fuan Zhongliangyi Real Estate Development Co., Ltd. | Joint venture |
| Jiaozuo Liangshun Property Co., Ltd. | Joint venture |
| Jiangsu Dongting Property Co., Ltd. | Joint venture |
| Kaihua Tongyi Real Estate Development Co., Ltd. | Joint venture |
| Ningbo Yu'an Property Co., Ltd. | Joint venture |
| Ningbo Yude Property Co., Ltd. | Joint venture |
| Quzhou Rongsheng Property Co., Ltd. | Joint venture |
| Rui'an Liangchen Property Co., Ltd. | Joint venture |
| Shanghai Jiaying Property Co., Ltd. | Joint venture |
| Shanghai Xiangyu Property Co., Ltd. | Joint venture |
| Shanghai Xiaoyi Investment Co., Ltd. | Joint venture |
| Shanghai Zhongliangyi Property Co., Ltd. | Joint venture |
| Wenzhou Jiadi Property Co., Ltd. | Joint venture |
| Wenzhou Taiduo Investment Management Co., Ltd. | Joint venture |
| Yantai Dachang Real Estate Development Limited | Joint venture |
| Yangzhou Mingxiang Property Co., Ltd. | Joint venture |
| Yiyang Lianghong Real Estate Development Limited | Joint venture |
| Zhejiang Jinhe Investment & Development Co., Ltd. | Joint venture |
| Zhoushan Lianghonggang Property Co., Ltd. | Joint venture |

| Name of related parties | Relationship with the Group |
|---|-----------------------------|
| Cangnan Xinhong Guoyue Real Estate Development Limited | Joint venture |
| Changzhou Xujing Property Co., Ltd. | Joint venture |
| Fujian Lianliangsheng Real Estate Development Limited | Joint venture |
| Hangzhou Bisheng Property Co., Ltd. | Joint venture |
| Shanghai Ruichen Property Co., Ltd. | Joint venture |
| Shanghai Shaoxuan Property Co., Ltd. | Joint venture |
| Shanghai Xucheng Property Co., Ltd. | Joint venture |
| Suqian Ruijia Property Co., Ltd. | Joint venture |
| Wenzhou Liangxu Property Co., Ltd. | Joint venture |
| Yangzhou Jun'an Property Co., Ltd. | Joint venture |
| Yiwu Wuyue Real Estate Development Limited ^(Note 7) | Joint venture |
| Fanchang Bisheng Real Estate Development Limited | Joint venture |
| Shenyang Lianghong Real Estate Development Limited | Joint venture |
| Rui'an Yuetang Property Co., Ltd. | Joint venture |
| Ji'an Zhongliangtai Property Co., Ltd. | Joint venture |
| Yixing Lianghui Property Co., Ltd. | Joint venture |
| Shaoyang Liangtai Real Estate Development Limited | Joint venture |
| Quanzhou Guangmao Real Estate Development Co., Ltd. | Joint venture |
| Ningbo Yinzhou Jinding Enterprise Management Consulting Co., Ltd. | Joint venture |
| Hangzhou Mingchen Property Co., Ltd. | Joint venture |
| Taishun Chengsheng Property Co., Ltd. | Joint venture |
| Yichang Longtai Yangguangcheng Real Estate Development Co., Ltd. | Joint venture |
| Minqing Meiyuan Real Estate Development Co., Ltd. | Joint venture |
| Yueqing Liangrong Property Co., Ltd. | Joint venture |
| Wenzhou Huachen Property Co., Ltd. | Joint venture |
| Shuyang Xinbi Real Estate Development Co., Ltd. | Joint venture |
| Hefei Jinjun Lianghe Real Estate Development Limited | Associate |
| Chongqing Haofang Real Estate Development Co., Ltd. | Associate |
| Anning Zhongnan Yunjing Real Estate Development Limited | Associate |
| Cangnan Lianghui Property Co., Ltd. | Associate |
| Chongqing Huayu Yexiang Property Co., Ltd. | Associate |
| Chongqing Tianyue Real Estate Development Limited | Associate |
| Chongqing Zhongliang Kunwei Real Estate Development Limited | Associate |
| Cixi Hexiang Property Co., Ltd. | Associate |
| Cixi Jinyi Real Estate Development Limited | Associate |
| Cixi Xingui Property Co., Ltd. | Associate |
| Dongyang Dongming Real Estate Development Limited | Associate |

| Name of related parties | Relationship with the Group |
|--|-----------------------------|
| Fujian Chengxin Heyi Property Development Co., Ltd. | Associate |
| Hangzhou Bintong Real Estate Development Co., Ltd. | Associate |
| Hangzhou Fu Yang Wan Chao Property Co., Ltd. | Associate |
| Hangzhou Junde Real Estate Development Co., Ltd. | Associate |
| Hangzhou Rongyue Property Co., Ltd. | Associate |
| Hangzhou Xinjunda Real Estate Development Co., Ltd. | Associate |
| Jingjiang Xinbi Real Estate Development Co., Ltd. | Associate |
| Jinjiang Zhongliang Rongyu Property Development Co., Ltd. | Associate |
| Lianyungang Lianbi Real Estate Development Co., Ltd. | Associate |
| Anhui Wanhui Property Co., Ltd. | Associate |
| Jiujiang Biguiyuan Property Development Co., Ltd. | Associate |
| 龍泉市中梁豐置業有限公司 ^(Note3) | Associate |
| Longquan Zhongliangfeng Property Co., Ltd. | |
| Pingdu Zhongnan Jincheng Real Estate Development Co., Ltd. | Associate |
| Qingdao Zhonglianghong Property Development Co., Ltd. | Associate |
| Rui'an Hongfa Property Co., Ltd. | Associate |
| Sanming Binjiang Property Co., Ltd. | Associate |
| 上海融蘊置業有限公司 ^(Note6) | Associate |
| Shanghai Rongyun Property Co., Ltd. | |
| Shanghai Shaoyi Property Co., Ltd. | Associate |
| Shishi Zhongliang Rongyu Property Development Co., Ltd. | Associate |
| Taicang Gangcheng Country Garden Real Estate Development Co., Ltd. | Associate |
| Taizhou Zhongliangyu Property Co., Ltd. | Associate |
| Wenzhou Dexin Nanhu Property Co., Ltd. | Associate |
| Wenzhou Wanyu Property Co., Ltd. | Associate |
| Wenzhou Xindu Property Co., Ltd. | Associate |
| Wenzhou Yidun Investment Management Co., Ltd. | Associate |
| Wuxi Chenye Real Estate Co., Ltd. | Associate |
| Yangzhou Lvfang Real Estate Development Co., Ltd. | Associate |
| Yueqing Kaiyu Property Co., Ltd. | Associate |
| Zheng Qian (Shanghai) Property Co., Ltd. | Associate |
| Zhoushan Helong Property Co., Ltd. | Associate |
| Zhuzhou Juntang Real Estate Development Co., Ltd. | Associate |
| Zunyi Chenliang Real Estate Co., Ltd. | Associate |
| Hangzhou Zhetong Investment Co., Ltd. | Associate |
| Jieyang Yuesen Property Co., Ltd. | Associate |
| Laiwu Yinghe Zhongliang Real Estate Co., Ltd. | Associate |
| Zhejiang Jinzhen Investment Management Co., Ltd. | Associate |
| Shucheng Wenzhu Real Estate Co., Ltd. | Associate |

| Name of related parties | Relationship with the Group |
|---|--|
| Wenzhou Xinlai Investment Management Co., Ltd. | Associate |
| Shandong Mingyao Property Co., Ltd. | Associate |
| 杭州景同投資管理合夥企業(有限合夥) ^(Note2) Hangzhou Jingtong Investment Management Partnership (Limited Partnership). | Company controlled by certain directors and/or their close family members |
| 杭州銀晨投資管理合夥企業(有限合夥) ^(Note2) Hangzhou Yinchen Investment Management Partnership (Limited Partnership). | Company controlled by certain directors and/or their close family members |
| 蘇州道銘物業管理合夥企業(有限合夥) Suzhou Daoming Property Management Partnership (Limited Partnership). | Company controlled by certain directors and/or their close family members |
| 杭州鴻享投資管理合夥企業(有限合夥) ^(Note2) Hangzhou Hongxiang Investment Management Partnership (Limited Partnership). | Company controlled by certain directors and/or their close family members |
| 杭州鴻策投資管理合夥企業(有限合夥) ^(Note2) Hangzhou Hongce Investment Management Partnership (Limited Partnership). | Company controlled by certain directors and/or their close family members |
| 杭州宏致投資管理合夥企業(有限合夥) ^(Note2) Hangzhou Hongzhi Investment Management Partnership (Limited Partnership). | Company controlled by certain directors and/or their close family members |
| 杭州景致投資管理合夥企業(有限合夥) ^(Note2) Hangzhou Jingzhi Investment Management Partnership (Limited Partnership). | Company controlled by certain directors and/or their close family members |
| 溫州景匯投資管理合夥企業(有限合夥) ^(Note2) Wenzhou Jinghui Investment Management Partnership (Limited Partnership). | Company controlled by certain directors and/or their close family members |
| 杭州小梁投資管理合夥企業(有限合夥) ^(Note2) Hangzhou Xiaoliang Investment Management Partnership (Limited Partnership). | Company controlled by certain directors and/or their close family members |
| 杭州甌昌投資管理合夥企業(有限合夥) ^(Note2) Hangzhou Ouchang Investment Management Partnership (Limited Partnership). | Company controlled by certain directors and/or their close family members |
| 杭州皖商投資管理合夥企業(有限合夥) ^(Note2) Hangzhou Wanshang Investment Management Partnership (Limited Partnership). | Company controlled by certain directors and/or their close family members |
| 杭州梁景投資管理合夥企業(有限合夥) ^(Note2) Hangzhou Liangjing Investment Management Partnership (Limited Partnership). | Company controlled by certain directors and/or their close family members |
| 杭州金梁合投資管理合夥企業(有限合夥) ^(Note2) Hangzhou Jinlianghe Investment Management Partnership (Limited Partnership). | Company controlled by certain directors and/or their close family members |
| 寧波梁皓投資管理合夥企業(有限合夥) ^(Note2) | Company controlled by certain directors |

| Name of related parties | Relationship with the Group |
|--|---|
| Ningbo Lianghao Investment Management Partnership (Limited Partnership). 寧波梁瑞乙期投資管理合夥企業(有限合夥) ^(Note2) | and/or their close family members |
| Ningbo Liangrui Yiqi Investment Management Partnership (Limited Partnership). 杭州忠義投資管理合夥企業(有限合夥) ^(Note2) | Company controlled by certain directors and/or their close family members |
| Hangzhou Zhongyi Investment Management Partnership (Limited Partnership). 梁商資產管理(上海)有限責任公司 ^(Note2) | Company controlled by certain directors and/or their close family members |
| Liangshang Asset Management (Shanghai) Co., Ltd. 寧波中梁物業服務有限公司 | Company controlled by certain directors and/or their close family members |
| Ningbo Zhongliang Property Service Co., Ltd. 蘇州觀瀾物業管理有限公司 ^(Note5) | Company controlled by certain directors and/or their close family members |
| Suzhou Guanlan Property Management Co., Ltd. 溫州市仕途投資管理合夥企業(有限合夥) | Company controlled by certain directors and/or their close family members |
| Wenzhou Shitu Investment Management Partnership (Limited Partnership). 江蘇中權和建設有限公司 | Company controlled by certain directors and/or their close family members |
| Jiangsu Zhongquanhe Construction Co., Ltd. 蘇州工業園區金劍創業投資有限公司 ^(Note 4) (原名蘇州工業園區金劍投資管理有限公司) | Company controlled by certain directors and/or their close family members |
| Suzhou Industrial Park Jinjian Venture Management Co., Ltd., previous known as Suzhou Industrial Park Jinjian Investment Management Co., Ltd. 蘇州億城宏商貿有限公司 | Company controlled by certain directors and/or their close family members |
| Suzhou Yichenghong Trading Co., Ltd. 溫州啓策廣告有限公司 | Company controlled by certain directors and/or their close family members |
| Wenzhou Qice Advertising Co., Ltd. 蘇州工業園區華成房地產開發有限公司 | Controlled by the controlling shareholders |
| Suzhou Industrial Park Huacheng Real Estate Development Limited. 上海金華成置業有限公司 | Controlled by the ultimate controlling shareholders |
| Shanghai Jinhucheng Real Estate Co., Ltd. 蘇州華成投資有限公司 | Controlled by the ultimate controlling shareholders |
| Suzhou Huacheng Investment Co., Ltd. 蘇州市相城區華成房地產開發有限公司 | Controlled by the ultimate controlling shareholders |
| Suzhou Xiangcheng Huacheng Real Estate Development Co., Ltd. 蘇州新中梁置業有限公司 | Controlled by the ultimate controlling shareholders |
| Suzhou Xinzhongliang Property Co., Ltd. Shanghai Huangcheng Zhongliang Real Estate Co. Ltd. 上海梁地置業有限公司 | Controlled by the ultimate controlling shareholders |
| (原名上海盛雅置業有限公司) Shanghai Liangdi Property Co., Ltd., previously known as Shanghai Shengya Property Co., Ltd. | Controlled by the ultimate controlling shareholders |

| Name of related parties | Relationship with the Group |
|--|---|
| 蘇州毅冠靈商貿有限公司 Suzhou Yiguanxi Commerce & Trading Co. Ltd. | Controlled by the ultimate controlling shareholders |
| 上海匡贊實業有限公司 Shanghai Kuangzhan Industry Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 上海良中管理諮詢有限公司 Shanghai Liangzhong Management Consulting Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 創弘棠（上海）管理諮詢有限公司 Chuanghongtang (Shanghai) Management Consulting Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 溫州市萬梁城置業有限公司 ^(Note1) Wenzhou Wanliangcheng Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 溫州市中梁夢置業有限公司 ^(Note1) Wenzhou Zhongliangmeng Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 麗水市中梁城置業有限公司 ^(Note1) Lishui Zhongliangcheng Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 臨泉縣梁安置業有限公司 ^(Note1) Linquan Liang'an Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 蘇州浩梁置業有限公司 ^(Note1) Suzhou Haoliang Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 溫州市大中梁置業有限公司 ^(Note1) Wenzhou Dazhongliang Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 溫州市中梁和置業有限公司 ^(Note1) Wenzhou Zhonglianghe Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 溫州市中梁紅置業有限公司 ^(Note1) Wenzhou Zhonglianghong Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 金華市柏格置業有限公司 ^(Note1) Jinhua Baige Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 蘇州金梁置業有限公司 ^(Note1) Suzhou Jinliang Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 溫州市金中梁置業有限公司 ^(Note1) Wenzhou Jinzhongliang Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 安徽鶴環企業管理諮詢有限公司 ^(Note1) Anhui Huhuan Enterprise Management Consulting Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 濱州市梁閣置業有限公司 ^(Note1) Binzhou Liangge Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 濱州市梁基置業有限公司 ^(Note1) Binzhou Liangji Real Estate Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 南京中梁城置業有限公司 ^(Note1) Nanjing Zhongliangcheng Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 象山石成置業有限公司 ^(Note1) Xiangshan Shicheng Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 蕪湖縣梁生置業有限公司 ^(Note1) Wuhu Liangsheng Property Co., Ltd. | Controlled by the ultimate controlling shareholders |

| Name of related parties | Relationship with the Group |
|--|---|
| 寧波思牧置業有限公司 ^(Note1) Ningbo Simu Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 六安中梁萬築置業有限公司 ^(Note1) Liu'an Zhongliang Wanzhu Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 舒城中梁萬築置業有限公司 ^(Note1) Shucheng Zhongliang Wanzhu Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 安徽中梁萬築置業有限公司 ^(Note1) Anhui Zhongliang Wanzhu Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 蚌埠中梁築信置業有限公司 ^(Note1) Bengbu Zhongliang Zhuxin Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 鳳陽中梁萬築置業有限公司 ^(Note1) Fengyang Zhongliang Wanzhu Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 合肥中梁築城置業有限公司 ^(Note1) Hefei Zhongliang Zhucheng Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 金華市曠世置業有限公司 ^(Note1) Jinhua Kuangshi Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 漣水瑞發置業有限公司 ^(Note1) Lianshui Ruifa Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 衢州市梁拓置業有限公司 ^(Note1) Quzhou Liangtuo Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 沅陽銘源置業有限公司 ^(Note1) Shuyang Mingyuan Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 溫州市中梁投資有限公司 ^(Note1) Wenzhou Zhongliang Investment Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 蕪湖縣梁春置業有限公司 Wuhu Liangchun Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 新幹縣中梁宏置業有限公司 Xingan Zhonglianghong Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 蚌埠悅鵬置業有限公司 Bengbu Yuepeng Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 合肥中梁築信置業有限公司 ^(Note1) Hefei Zhongliang Zhuxin Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 廈門創諾置業有限公司 Xiamen Chuangnuo Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 廈門梁博置業有限公司 ^(Note1) Xiamen Liangbo Property Development Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 上海中梁達置業有限公司 ^(Note1) Shanghai Zhongliangda Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 漳州市中梁萬順置業有限公司 Zhangzhou Zhongliang Wanshun Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 安徽梁珠置業有限公司 ^(Note1) Anhui Liangzhu Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 溫州中梁通置業有限公司 ^(Note1) Wenzhou Zhongliangtong Property Co., Ltd. | Controlled by the ultimate controlling shareholders |

| Name of related parties | Relationship with the Group |
|--|---|
| 溫州恒富中梁置業有限公司 ^(Note1) Wenzhou Hengfu Zhongliang Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 浙江新中梁房地產開發有限公司 ^(Note1) Zhejiang Xinzhongliang Property Development Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 溫州新中梁資產管理有限公司 ^(Note1) Wenzhou Xinzhongliang Asset Management Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 安徽全珠房地產開發有限公司 ^(Note1) Anhui Quanzhu Property Development Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 蚌埠中梁置地地產有限公司 ^(Note1) Bengbu Zhongliang Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 利辛縣中梁運泰置業有限公司 ^(Note1) Lixin Zhongliang Yuntai Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 蚌埠中梁萬築置業有限公司 ^(Note1) Bengbu Zhongliang Wanzhu Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 安徽梁誠企業管理諮詢有限公司 ^(Note1) Anhui Liangcheng Enterprise Management Consulting Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 晉江中梁博房地產開發有限公司 ^(Note1) Jinjiang Zhongliangbo Property Development Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 安徽中梁誠銘置業有限公司 ^(Note1) Anhui Zhongliang Chengming Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 浙江天劍置業有限公司 ^(Note1) Zhejiang Tianjian Real Estate Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 嘉興秀豐裝飾工程有限公司 Jiaying Xiufeng Decoration Engineering Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 上海達築管理諮詢有限公司 Shanghai Dazhu Management Consulting Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 溫州市新華成置業有限公司 Wenzhou Xinhua Cheng Property Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 合肥群盛物業管理服務有限公司 Hefei Qunsheng Property Management Service Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 上海梁智企業發展有限公司 Shanghai Liangzhi Enterprise Development Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 待梁(上海)貿易有限公司 Dailiang (Shanghai) Trading Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 上海創奮企業發展有限公司 Shanghai Chuangfen Enterprise Development Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 平湖嘉豐裝飾工程有限公司 Pinghu Jiafeng Decoration Engineering Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 中梁實業有限公司 Zhongliang Industry Co., Ltd. | Controlled by the ultimate controlling shareholders |
| 上海富禹房地產諮詢有限公司 Shanghai Fuyu Real Estate Consulting Co., Ltd. | Controlled by the ultimate controlling shareholders |

Notes:

- 1 These companies were no longer the Group's related companies starting on 27 June 2018.
- 2 These companies were no longer the Group's related companies starting on 12 April 2018.
- 3 This company was no longer the Group's related company starting on 10 October 2018.
- 4 This company was no longer the Group's related company starting on 21 November 2018.
- 5 This company was no longer the Group's related company starting on 20 November 2018.
- 6 This company was no longer the Group's related company starting on 18 October 2018.
- 7 As at 31 December 2017, Yiwu Wuyue was accounted for as a joint venture of the Group. As at 31 December 2018, Yiwu Wuyue was accounted for as an associate of the Group.

(2) Significant related party transactions

The following transactions were carried out with related parties during the Relevant Periods:

| | Year ended 31 December | | |
|--|------------------------|------------|------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Advance to related companies: | | | |
| Companies controlled by certain directors and/or their close family members | 1,974 | 1,079,907 | 879,640 |
| Joint ventures and associates | 538,743 | 4,515,742 | 16,340,940 |
| Companies controlled by the ultimate controlling shareholders | 205,782 | 18,143,554 | 20,715,480 |
| Repayment of advances to related companies: | | | |
| Companies controlled by certain directors and/or their close family members | 643,330 | 1,383,650 | 1,116,338 |
| Joint ventures and associates | 1,568,898 | 6,828,090 | 10,042,749 |
| Companies controlled by the ultimate controlling shareholders | 1,451,199 | 19,904,577 | 19,092,375 |
| Advance from related companies: | | | |
| Companies controlled by certain directors and/or their close family members | — | 511,758 | 547,304 |
| Joint ventures and associates | 681,305 | 5,221,476 | 12,999,594 |
| Companies controlled by the ultimate controlling shareholders | 5,494,742 | 16,285,376 | 5,128,989 |
| Repayment of advances from related companies: | | | |
| Companies controlled by certain directors and/or their close family members | — | 1,288 | 616,639 |
| Joint ventures and associates | 442,959 | 2,072,345 | 9,494,973 |
| Companies controlled by the ultimate controlling shareholders | 2,091,172 | 14,507,376 | 5,846,406 |
| Property management services to joint ventures and associates ^(Note) | — | 2,414 | 1,199 |
| Management consulting services to joint ventures and associates ^(Note) | 4,125 | 56,057 | 86,338 |
| Interest income from companies controlled by certain directors and/or their close family members ^(Note) | 18,007 | 67,844 | 133,411 |
| Finance costs from a company significantly impacted by certain directors ^(Note) | — | 849 | 23,086 |
| Property management services from companies controlled by the ultimate controlling shareholders ^(Note) | — | — | 98,734 |

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties incurred.

(3) Disposal of subsidiaries

| | Year ended 31 December | | |
|---|------------------------|---------|---------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Consideration of disposal of subsidiaries (note 33) | — | 85,000 | 273,000 |

(4) Other transactions with related parties

- i. The Controlling Shareholders and Suzhou Industrial Park Huacheng Real Estate Development Limited have jointly guaranteed certain of the bank and other borrowings of up to RMB8,396,020,000, RMB8,879,937,000 and RMB5,262,550,000 as at 31 December 2016, 2017 and 2018, respectively.
- ii. The Controlling Shareholders has guaranteed certain of the bank and other borrowings of up to RMB1,589,900,000, RMB1,182,650,000 and RMB2,320,339,000 as at 31 December 2016, 2017 and 2018, respectively.
- iii. Suzhou Industrial Park Huacheng Real Estate Development Limited has guaranteed certain of the bank and other borrowings of up to RMB703,196,000, RMB4,877,923,000 and RMB2,055,880,000 as at 31 December 2016, 2017 and 2018, respectively.
- iv. The Group and its controlling shareholders have jointly guaranteed certain bank and other borrowings of Suzhou Haoliang Property Co., Ltd. to the extent of RMB230,000,000 as at 31 December 2017.
- v. Jiangsu Zhongquanhe Construction Co., Ltd provided loans to the Group for real estate development with terms of one to two years, and interest rates of 7.45% to 10.00% per annum. As at 31 December 2017 and 31 December 2018, the outstanding balances of the aforementioned loans amounted to RMB260,000,000 and RMB138,600,000, respectively. These loans were included in “Interest-bearing bank and other borrowings” in the consolidated statements of financial position of the Group.
- vi. Rui'an Yuetang Property Co., Ltd. has guaranteed certain of the bank and other borrowings of up to RMB204,000,000 as at 31 December 2018.
- vii. Shucheng Wenzhu Real Estate Co., Ltd. has guaranteed certain of the bank and other borrowings of up to RMB70,000,000 as at 31 December 2018.
- viii. Deqing Jinhao Property Co., Ltd. has guaranteed certain of the bank and other borrowings of up to RMB400,000,000 as at 31 December 2018.

- ix. The Group has guaranteed certain of the bank and other borrowings made to its joint ventures and associates up to RMB97,750,000, RMB205,000,000 and RMB6,594,169,000 as at 31 December 2016, 2017 and 2018, respectively.
- x. The Group and its controlling shareholders have jointly guaranteed certain of the bank and other borrowings of Suzhou Haoliang Property Co., Ltd. to the extent of RMB230,000,000 as at 31 December 2017.

(5) **Outstanding balances with related parties**

| | 31 December | | |
|--|-------------|-----------|-----------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Due from companies controlled by certain directors and/or their close family members | 359,099 | 647,977 | 57,655 |
| Due from joint ventures and associates | 1,030,155 | 3,342,503 | 9,560,897 |
| Due from companies controlled by the ultimate controlling shareholders . . . | 1,245,417 | 3,006,440 | 222,891 |
| Loan to a company controlled by certain directors and/or their close family members | 282,257 | 297,122 | — |
| Due to companies controlled by certain directors and/or their close family members | — | 510,471 | 119,458 |
| Due to joint ventures and associates | 238,346 | 3,387,477 | 7,228,902 |
| Due to companies controlled by the ultimate controlling shareholders | 4,173,175 | 5,951,174 | 70,778 |

Balances with the above related parties were non-trade. Except for the loan to a company controlled by certain directors and/or their close family members, balances with the above related parties were unsecured non-interest bearing and repayable on demand.

(6) **Compensation of key management personnel of the Group**

| | Year ended 31 December | | |
|---|------------------------|---------------|---------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Short-term employee benefits | 5,073 | 15,651 | 35,153 |
| Pension scheme contributions | 491 | 596 | 611 |
| Total compensation paid to key management personnel | <u>5,564</u> | <u>16,247</u> | <u>35,764</u> |

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

38. PROVISION FOR FINANCIAL GUARANTEE CONTRACTS

| | <u>RMB'000</u> |
|-------------------------------|----------------|
| At 1 January 2018 | — |
| Arising during the year | <u>84,869</u> |
| At 31 December 2018 | <u>84,869</u> |

The financial guarantee contracts represent guarantees given to banks and other financial institutions in connection with borrowings made to the Group's joint ventures and associates. Details are set out in note 37 to the Historical Financial Information.

The Group does not provide financial guarantees except for limited circumstances. All guarantees are approved by the directors of the Group.

The financial guarantee contracts are measured at the higher of the ECL allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders (i.e., the banks) for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor (i.e., the joint ventures and associates). During the year ended 31 December 2018, an ECL allowance of RMB84,869,000 was provided as a result of guarantees provided to the joint ventures and associates.

39. 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:

31 December 2016

Financial assets

| | <u>Financial assets at amortised cost</u> | <u>Financial assets at FVPL</u> | <u>Total</u> |
|---|---|-------------------------------------|-------------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Financial assets included in prepayments and other receivables (note 23) | 497,091 | — | 497,091 |
| Financial assets at fair value through profit or loss (note 19) | — | 596,189 | 596,189 |
| Due from related companies (note 37) | 2,916,928 | — | 2,916,928 |
| Restricted cash (note 24) | 3,383,921 | — | 3,383,921 |
| Pledged deposits (note 24) | 269,646 | — | 269,646 |
| Cash and cash equivalents (note 24) | <u>4,847,470</u> | <u>—</u> | <u>4,847,470</u> |
| | <u>11,915,056</u> | <u>596,189</u> | <u>12,511,245</u> |

Financial liabilities

| | Financial liabilities at amortised cost | Financial liabilities at FVPL | Total |
|--|--|----------------------------------|-------------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Trade and bills payables (note 25) | 1,986,681 | — | 1,986,681 |
| Other financial liabilities | — | 22,217 | 22,217 |
| Financial liabilities included in other payables and accruals (note 26) | 1,600,082 | — | 1,600,082 |
| Due to related companies (note 37) | 4,411,521 | — | 4,411,521 |
| Interest-bearing bank and other borrowings (note 28) | 20,226,626 | — | 20,226,626 |
| | <u>28,224,910</u> | <u>22,217</u> | <u>28,247,127</u> |

31 December 2017*Financial assets*

| | Financial assets at amortised cost | Financial assets at FVPL | Total |
|---|---------------------------------------|-----------------------------|-------------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Financial assets included in prepayments and other receivables (note 23) | 2,659,170 | — | 2,659,170 |
| Financial assets at fair value through profit or loss (note 19) | — | 297,171 | 297,171 |
| Due from related companies (note 37) | 7,294,042 | — | 7,294,042 |
| Restricted cash (note 24) | 5,030,343 | — | 5,030,343 |
| Pledged deposits (note 24) | 705,958 | — | 705,958 |
| Cash and cash equivalents (note 24) | 10,748,022 | — | 10,748,022 |
| | <u>26,437,535</u> | <u>297,171</u> | <u>26,734,706</u> |

Financial liabilities

| | Financial liabilities at amortised cost | Financial liabilities at FVPL | Total |
|--|--|----------------------------------|-------------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Trade and bills payables (note 25) | 4,839,542 | — | 4,839,542 |
| Other financial liabilities | — | 40,991 | 40,991 |
| Financial liabilities included in other payables and accruals (note 26) | 3,047,671 | — | 3,047,671 |
| Due to related companies (note 37) | 9,849,122 | — | 9,849,122 |
| Interest-bearing bank and other borrowings (note 28) | 24,476,345 | — | 24,476,345 |
| | <u>42,212,680</u> | <u>40,991</u> | <u>42,253,671</u> |

31 December 2018

Financial assets

| | Financial assets at amortised cost | Financial assets at FVPL | Total |
|---|---|-------------------------------------|-------------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Financial assets included in prepayments and other receivables (note 23) | 13,621,435 | — | 13,621,435 |
| Financial assets at fair value through profit or loss (note 19) | — | 228,757 | 228,757 |
| Due from related companies (note 37) | 9,841,443 | — | 9,841,443 |
| Restricted cash (note 24) | 7,892,069 | — | 7,892,069 |
| Pledged deposits (note 24) | 636,777 | — | 636,777 |
| Cash and cash equivalents (note 24) | 14,551,518 | — | 14,551,518 |
| | <u>46,543,242</u> | <u>228,757</u> | <u>46,771,999</u> |

Financial liabilities

| | Financial liabilities at amortised cost | Financial liabilities at FVPL | Total |
|--|--|--|-------------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Trade and bills payables (note 25) | 8,498,295 | — | 8,498,295 |
| Other financial liabilities | — | 59,284 | 59,284 |
| Provision for financial guarantee contracts | — | 84,869 | 84,869 |
| Financial liabilities included in other payables and accruals (note 26) | 16,839,706 | — | 16,839,706 |
| Due to related companies (note 37) | 7,419,138 | — | 7,419,138 |
| Interest-bearing bank and other borrowings (note 28) | 27,004,917 | — | 27,004,917 |
| | <u>59,762,056</u> | <u>144,153</u> | <u>59,906,209</u> |

40. 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 | | |
|--|------------------|-------------|-------------|-------------|-------------|-------------|
| | 31 December | 31 December | 31 December | 31 December | 31 December | 31 December |
| | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Financial assets | | | | | | |
| Financial assets at FVPL | 596,189 | 297,171 | 228,757 | 596,189 | 297,171 | 228,757 |
| Financial liabilities | | | | | | |
| Interest-bearing bank and other borrowings (note 28) | 20,226,626 | 24,476,345 | 27,004,918 | 20,148,891 | 25,269,668 | 26,991,997 |
| Other financial liabilities | 22,217 | 40,991 | 59,284 | 22,217 | 40,991 | 59,284 |
| Provision for financial guarantee contracts (note 38) | — | — | 84,869 | — | — | 84,869 |

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related companies, financial assets included in prepayments and other receivables, trade and bills payables, financial liabilities included in other payables and accruals and amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

For the fair values of the financial assets at FVPL, 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 FVPL is categorised within level 3 of the fair value hierarchy.

For the fair values of other financial liabilities, management has estimated by discounting the expected future cash flows using expected return rates for the underlying assets in order to estimate the cash outflow amounts to settle the liability. The fair value measurement of the financial liability is categorized within level 3 of the fair value hierarchy.

The fair values of interest-bearing bank and other borrowings 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 Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2016, 2017 and 2018 was assessed to be insignificant.

The Group's corporate finance team headed by the group financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the group financial controller and the board of directors. At each reporting date, the corporate

finance team analyses 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 group financial controller. The valuation process and results are discussed with the board of directors twice a year for annual 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.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2016

| | Fair value measurement using | | | Total |
|--------------------------------|--|--|--|---------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Financial assets at FVPL | — | — | 596,189 | 596,189 |

As at 31 December 2017

| | Fair value measurement using | | | Total |
|--------------------------------|--|--|--|---------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Financial assets at FVPL | — | — | 297,171 | 297,171 |

As at 31 December 2018

| | Fair value measurement using | | | Total |
|--------------------------------|--|--|--|---------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Financial assets at FVPL | — | — | 228,757 | 228,757 |

*Liabilities measured at fair value:**As at 31 December 2016*

| | Fair value measurement using | | | Total RMB'000 |
|-----------------------------------|--|--|--|------------------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| | RMB'000 | RMB'000 | RMB'000 | |
| | | | | |
| Other financial liabilities | — | — | 22,217 | 22,217 |

As at 31 December 2017

| | Fair value measurement using | | | Total RMB'000 |
|-----------------------------------|--|--|--|------------------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| | RMB'000 | RMB'000 | RMB'000 | |
| | | | | |
| Other financial liabilities | — | — | 40,991 | 40,991 |

As at 31 December 2018

| | Fair value measurement using | | | Total RMB'000 |
|---|--|--|--|------------------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| | RMB'000 | RMB'000 | RMB'000 | |
| | | | | |
| Other financial liabilities | — | — | 59,284 | 59,284 |
| Provision for financial guarantee contracts | — | — | 84,869 | 84,869 |
| | — | — | 144,153 | 144,153 |

*Liabilities for which fair values are disclosed:**As at 31 December 2016*

| | <u>Fair value measurement using</u> | | | <u>Total</u> |
|--|-------------------------------------|--------------------|---------------------|-------------------|
| | <u>Quoted prices</u> | <u>Significant</u> | <u>Significant</u> | |
| | <u>in active</u> | <u>observable</u> | <u>unobservable</u> | |
| | <u>markets</u> | <u>inputs</u> | <u>inputs</u> | |
| <u>(Level 1)</u> | <u>(Level 2)</u> | <u>(Level 3)</u> | | |
| <u>RMB'000</u> | <u>RMB'000</u> | <u>RMB'000</u> | <u>RMB'000</u> | |
| Interest-bearing bank and other borrowings | <u>—</u> | <u>20,148,891</u> | <u>—</u> | <u>20,148,891</u> |

As at 31 December 2017

| | <u>Fair value measurement using</u> | | | <u>Total</u> |
|--|-------------------------------------|--------------------|---------------------|-------------------|
| | <u>Quoted prices</u> | <u>Significant</u> | <u>Significant</u> | |
| | <u>in active</u> | <u>observable</u> | <u>unobservable</u> | |
| | <u>markets</u> | <u>inputs</u> | <u>inputs</u> | |
| <u>(Level 1)</u> | <u>(Level 2)</u> | <u>(Level 3)</u> | | |
| <u>RMB'000</u> | <u>RMB'000</u> | <u>RMB'000</u> | <u>RMB'000</u> | |
| Interest-bearing bank and other borrowings | <u>—</u> | <u>25,269,668</u> | <u>—</u> | <u>25,269,668</u> |

As at 31 December 2018

| | <u>Fair value measurement using</u> | | | <u>Total</u> |
|--|-------------------------------------|--------------------|---------------------|-------------------|
| | <u>Quoted prices</u> | <u>Significant</u> | <u>Significant</u> | |
| | <u>in active</u> | <u>observable</u> | <u>unobservable</u> | |
| | <u>markets</u> | <u>inputs</u> | <u>inputs</u> | |
| <u>(Level 1)</u> | <u>(Level 2)</u> | <u>(Level 3)</u> | | |
| <u>RMB'000</u> | <u>RMB'000</u> | <u>RMB'000</u> | <u>RMB'000</u> | |
| Interest-bearing bank and other borrowings | <u>—</u> | <u>26,991,997</u> | <u>—</u> | <u>26,991,997</u> |

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2016, 2017 and 2018:

| | <u>Valuation technique</u> | <u>Significant unobservable input</u> | <u>Range</u> | <u>Sensitivity of fair value to the input</u> |
|-----------------------------|---|---------------------------------------|--|--|
| Other financial liabilities | Discounted cash flows method | Incremental borrowing cost | 2017: | 1% increase/decrease in incremental borrowing cost would result in a decrease/ increase in fair value by RMB48,000/RMB48,000 |
| | | | 7.2% | |
| | | 2018: | 1% increase/decrease in incremental borrowing cost would result in a decrease/increase in fair value by RMB78,000/RMB78,000 | |
| | | 8.2%-12.5% | | |
| | | Expected rate of return per annum | 2016: | 1% increase/decrease in expected rate of return per annum would result in an increase/decrease in fair value by RMB24,000/RMB24,000 |
| | | | 9.87%-17.82% | |
| 2017: | 1% increase/decrease in expected rate of return per annum would result in an increase/decrease in fair value by RMB20,000/RMB20,000 | | | |
| 9.87%-18.32% | | | | |
| 2018: | 1% increase/decrease in expected rate of return per annum would result in an increase/decrease in fair value by RMB48,000/RMB48,000 | | | |
| 9.87%-14.96% | | | | |
| Financial assets at FVPL | Discounted cash flow method | Expected rate of return per annum | 2016: | 1% increase/decrease in expected interest rate of return per annum would result in an increase/decrease in fair value by RMB193,000/RMB193,000 |
| | | | 7.1%-7.3% | |
| | | | 2017: | 1% increase/decrease in expected interest rate of return per annum would result in an increase/decrease in fair value by RMB63,000/RMB63,000 |
| | | 7.1%-8% | | |
| | | 2018: | 1% increase/decrease in expected interest rate of return per annum would result in an increase/decrease in fair value by RMB2,000/RMB2,000 | |
| | | 8.78% | | |

| Valuation technique | Significant unobservable input | Range | Sensitivity of fair value to the input |
|---|--------------------------------|----------------------|--|
| | Discount rate | 2016: 3.05%-3.17% | 1% increase/decrease in discount rate would result in a decrease/increase in fair value by RMB89,000/RMB89,000 |
| | | 2017: 2.95%-3.07% | 1% increase/decrease in discount rate would result in a decrease/increase in fair value by RMB17,000/RMB17,000 |
| | | 2018: 3.17% | 1% increase/decrease in discount rate would result in a decrease/increase in fair value by RMB1,000/RMB1,000 |
| Provision for financial guarantee contracts | Expected credit loss model | Recovery rate | 2018: 38.0%-39.5% |
| | | | 1% increase/decrease in recovery rate would result in a decrease/increase in fair value by RMB351,003/RMB351,003 |
| | | Discount rate | 2018: 2.39%-2.87% |
| | | | 1% increase/decrease in discount rate would result in a decrease/increase in fair value by RMB26,422/RMB26,444 |

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, restricted cash, pledged deposits, trade receivables, other receivables, trade and bills payables and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, financial assets at fair value through profit or loss, other financial liabilities, amounts due to related companies and amounts due from related companies. 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 summarised 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 28. The Group does not use derivative financial instruments to

hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB5,699,000, RMB7,481,000 and RMB10,497,000 for the years ended 31 December 2016, 2017 and 2018 respectively.

(b) **Credit risk**

The Group divides 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. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally six months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

Management makes periodic collective assessments for financial assets included in prepayments and other receivables and amounts due from related companies as well as individual assessments on the recoverability of other receivables and amounts due from related companies based on historical settlement records and past experience. The Group classified financial assets included in prepayments and other receivables and amounts due from related companies in Stage 1 and continuously monitored their credit risk. 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 and other receivables and amounts due from related companies.

Maximum exposure and year-end staging as at 31 December 2016, 2017 and 2018

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2016, 2017 and 2018. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2016

| | 12-month | Lifetime ECLs | | | RMB'000 |
|--|-------------------|---------------|----------|---------------------|-------------------|
| | ECLs | | | | |
| | Stage 1 | Stage 2 | Stage 3 | Simplified approach | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Trade receivables* | — | — | — | — | — |
| Financial assets included in prepayments and other receivables | | | | | |
| -Normal** | 497,091 | — | — | — | 497,091 |
| Due from related companies | 2,916,928 | — | — | — | 2,916,928 |
| Restricted cash | | | | | |
| -Not yet past due | 3,383,921 | — | — | — | 3,383,921 |
| Pledged deposits | | | | | |
| -Not yet past due | 269,646 | — | — | — | 269,646 |
| Cash and cash equivalents | | | | | |
| -Not yet past due | 4,847,470 | — | — | — | 4,847,470 |
| | <u>11,915,056</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>11,915,056</u> |

As at 31 December 2017

| | 12-month | Lifetime ECLs | | | RMB'000 |
|--|-------------------|---------------|----------|---------------------|-------------------|
| | ECLs | | | | |
| | Stage 1 | Stage 2 | Stage 3 | Simplified approach | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Trade receivables* | — | — | — | — | — |
| Financial assets included in prepayments and other receivables | | | | | |
| -Normal** | 2,659,170 | — | — | — | 2,659,170 |
| Due from related companies | 7,294,042 | — | — | — | 7,294,042 |
| Restricted cash | | | | | |
| -Not yet past due | 5,030,343 | — | — | — | 5,030,343 |
| Pledged deposits | | | | | |
| -Not yet past due | 705,958 | — | — | — | 705,958 |
| Cash and cash equivalents | | | | | |
| -Not yet past due | 10,748,022 | — | — | — | 10,748,022 |
| | <u>26,437,535</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>26,437,535</u> |

As at 31 December 2018

| | 12-month | Lifetime ECLs | | | RMB'000 |
|--|-------------------|---------------|----------|---------------------|-------------------|
| | ECLs | | | | |
| | Stage 1 | Stage 2 | Stage 3 | Simplified approach | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Trade receivables* | — | — | — | 4,354 | 4,354 |
| Financial assets included in prepayments and other receivables | | | | | |
| -Normal** | 13,621,435 | — | — | — | 13,621,435 |
| Due from related companies | 9,841,443 | — | — | — | 9,841,443 |
| Restricted cash | | | | | |
| -Not yet past due | 7,892,069 | — | — | — | 7,892,069 |
| Pledged deposits | | | | | |
| -Not yet past due | 636,777 | — | — | — | 636,777 |
| Cash and cash equivalents | | | | | |
| -Not yet past due | 14,551,518 | — | — | — | 14,551,518 |
| Financial guarantees provided to joint ventures and associates | | | | | |
| -Not yet past due | 6,594,169 | — | — | — | 6,594,169 |
| | <u>53,137,411</u> | <u>—</u> | <u>—</u> | <u>4,354</u> | <u>53,141,765</u> |

* For Trade receivables to which the Group applies the simplified approach for impairment information based on the expected credit losses are disclosed in note 22 to the Historical Financial Information. There is no significant concentration of credit risk.

** The credit quality of amounts due from related companies and the financial assets included in prepayments and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

(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:

| | <u>On demand</u> | <u>Less than 3 months</u> | <u>3 to 12 months</u> | <u>Over 1 year</u> | <u>Total</u> |
|---|----------------------|-------------------------------|---------------------------|--------------------|-------------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 31 December 2016 | | | | | |
| Trade and bills payables | — | 1,986,681 | — | — | 1,986,681 |
| Other payables | — | 1,600,082 | — | — | 1,600,082 |
| Due to related companies | 4,411,521 | — | — | — | 4,411,521 |
| Other financial liabilities | 22,217 | — | — | — | 22,217 |
| Interest-bearing bank and other borrowings | — | 2,983,078 | 6,751,017 | 14,474,055 | 24,208,150 |
| | <u>4,433,738</u> | <u>6,569,841</u> | <u>6,751,017</u> | <u>14,474,055</u> | <u>32,228,651</u> |
| 31 December 2017 | | | | | |
| Trade and bills payables | — | 4,839,542 | — | — | 4,839,542 |
| Other payables | — | 3,047,671 | — | — | 3,047,671 |
| Due to related companies | 9,849,122 | — | — | — | 9,849,122 |
| Other financial liabilities | 40,991 | — | — | — | 40,991 |
| Interest-bearing bank and other borrowings | — | 2,162,860 | 7,834,526 | 18,613,882 | 28,611,268 |
| | <u>9,890,113</u> | <u>10,050,073</u> | <u>7,834,526</u> | <u>18,613,882</u> | <u>46,388,594</u> |
| 31 December 2018 | | | | | |
| Trade and bills payables | — | 8,498,295 | — | — | 8,498,295 |
| Other payables | — | 16,839,706 | — | — | 16,839,706 |
| Due to related companies | 7,419,138 | — | — | — | 7,419,138 |
| Provision for financial guarantee contracts | 84,869 | — | — | — | 84,869 |
| Other financial liabilities | 59,284 | — | — | — | 59,284 |
| Interest-bearing bank and other borrowings | — | 2,581,750 | 15,069,658 | 14,964,607 | 32,616,015 |
| | <u>7,563,291</u> | <u>27,919,751</u> | <u>15,069,658</u> | <u>14,964,607</u> | <u>65,517,307</u> |

(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 maximise 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, amounts due to related companies, interest-bearing bank and other borrowings, provision for financial guarantee contracts and other financial 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:

| | 31 December | | |
|---|--------------------|---------------------|---------------------|
| | 2016 | 2017 | 2018 |
| | RMB'000 | RMB'000 | RMB'000 |
| Trade and bills payables | 1,986,681 | 4,839,542 | 8,498,295 |
| Other payables and accruals | 1,904,344 | 4,316,682 | 20,476,168 |
| Due to related companies | 4,411,521 | 9,849,122 | 7,419,138 |
| Interest-bearing bank and other borrowings | 20,226,626 | 24,476,345 | 27,004,917 |
| Provision for financial guarantee contracts | — | — | 84,869 |
| Other financial liabilities | 22,217 | 40,991 | 59,284 |
| Less: Cash and cash equivalents | <u>(4,847,470)</u> | <u>(10,748,022)</u> | <u>(14,551,518)</u> |
| Net debt | <u>23,703,919</u> | <u>32,774,660</u> | <u>48,991,153</u> |
| Equity attributable to owners of the parent | <u>(267,754)</u> | <u>234,717</u> | <u>2,578,676</u> |
| Capital and net debt | <u>23,436,165</u> | <u>33,009,377</u> | <u>51,569,829</u> |
| Gearing ratio | <u>101.14%</u> | <u>99.29%</u> | <u>95.00%</u> |

42. DUE FROM SUBSIDIARIES**Company**

| | <u>31 December</u> |
|------------------------------------|--------------------|
| | <u>2018</u> |
| | RMB'000 |
| At the beginning of the year | — |
| Additions during the year | <u>963,005</u> |
| At the end of the year | <u>963,005</u> |

Particulars of the subsidiaries are disclosed in note 1 to the Historical Financial Information.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2018.

44. EVENTS AFTER THE RELEVANT PERIODS

As at the date of approval of the Historical Financial Information, apart from the events detailed elsewhere in this report, the Group did not have any other significant event subsequent to 31 December 2018.

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 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 attributable to the owners of the Company as of 31 December 2018 as if it had taken place on 31 December 2018.

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 31 December 2018 or any future date. It is prepared based on our consolidated net tangible assets attributable to the owners of the Company as of 31 December 2018 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.

| | Audited consolidated net tangible assets attributable to owners of the Company as of 31 December 2018 | 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 | HK\$ |
| | RMB'000 (Note 1) | RMB'000 (Note 2) | RMB'000 (Note 3) | (Note 4) | (Note 5) |
| Based on an Offer Price of HK\$4.68 per Share, after a Downward Offer Price Adjustment of 10% | 2,578,221 | 2,048,406 | 4,626,627 | 1.31 | 1.49 |
| Based on an Offer Price of HK\$5.20 per Share | 2,578,221 | 2,282,670 | 4,860,891 | 1.38 | 1.57 |
| Based on an Offer Price of HK\$6.68 per Share | 2,578,221 | 2,949,419 | 5,527,640 | 1.57 | 1.78 |

Notes:

- (1) The consolidated net tangible assets attributable to owners of the Company as of 31 December 2018 is extracted from the Accountants' Report, which is based on the audited consolidated equity attributable to owners of the Company as of 31 December 2018 of approximately RMB2,578.7 million after deducting intangible assets of RMB0.5 million.

- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$5.20 per Share, HK\$6.68 per Share, and HK\$4.68 per Share after making a Downward Offer Price Adjustment of 10%, after deduction of the underwriting fees and other related expenses payable by the Group and do not take into account of any Shares of which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Post-IPO Share Option Scheme and may be allotted and repurchased by the Group pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in “Share Capital.” 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 RMB0.8800. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (3) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 31 December 2018.
- (4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is calculated based on 3,530,000,000 Shares in issue immediately following the Capitalisation Issue and the Global Offering but does not take into account of any Shares which may be issued upon the exercise of the overallotment Option and options which may be granted under the Post-IPO Share Option Scheme and may be allotted and repurchased by the Group pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in “Share Capital.”
- (5) 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 RMB0.8800. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of Zhongliang Holdings Group Company Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Zhongliang Holdings Group Company 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 31 December 2018, and related notes as set out on pages II-1 to II-2 of the prospectus dated 27 June 2019 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 to 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 31 December 2018 as if the transaction had taken place at 31 December 2018. 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 31 December 2018, 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.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
27 June 2019

The following is the text of a letter and summary disclosure of values, 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 31 March 2019 of the selected property interests held by Zhongliang Holdings Group Company Limited. As described in section “Documents Available for Inspection” in Appendix III, a copy of full property valuation report will be made available for public inspection.



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
Company Licence No.: C-030171

27 June 2019

The Board of Directors

Zhongliang Holdings Group Company Limited

20/F, No.3 Shanghai Convention & Exhibition Center of International Sourcing
235 Yunling East Road
Putuo District, Shanghai
China

Dear Sirs,

In accordance with your instructions to value the selected property interests held by Zhongliang Holdings Group Company 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 31 March 2019 (the “**valuation date**”).

For the purpose of this report, we classified these properties as the property interests relating to “property activities” which means holding (directly or indirectly) and/or development of properties for letting or retention as investments, or the purchase or development of properties for subsequent sale, or for subsequent letting or retention as investments.

Furthermore, we have adopted the below guidance on what constitutes a property interest:

- (a) one or more units in the same building or complex;
- (b) one or more properties located at the same address or lot number;
- (c) one or more properties comprised an integrated facility;
- (d) one or more properties, structures or facilities comprised a property development project (even if there are different phases);
- (e) one or more properties held for investment within one complex;

- (f) one or more properties, structures or facilities located contiguously to each other or located on adjoining lots and used for the same or similar operational/business purposes; or
- (g) a project or phases of development presented to the public as one whole project or forming a single operating entity.

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 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 place 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 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/Real Estate Title 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 Work Completion and Inspection Certificate(s)/Table(s) 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/Real Estate Title 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.

We have valued the property interests in Group V which are held for investment by the Group by the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, comparison approach might be applied if the comparable sales transactions are available in the relevant market.

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 2017 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 adviser — 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 April 2018 and February 2019 by about 40 technical staffs including Mr. Michael Yu, Mr. Jack Zhu, Ms. Nina Huang, Ms. Mia Lei, Mr. Jerry He, Mr. Jimmy Gu, Mr. Legend Zhang, Ms. Gloria Wang, Ms. Cyndi Huang, Mr. Stone Chen, Ms. Raina Zheng, Ms. Elaine Huang, Mr. Eric Lu, Ms. Queenie Lu and etc. They are Chartered Surveyors/China Certified Real Estate Appraisers/China Qualified Land Valuers/China Certified Public Valuers and have 2 to 13 years' experience in the valuation of properties in the PRC and possess academic background in subjects relating to real estate valuation.

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.

The property interests included in our valuation comprises 257 projects of the Group of which the total book value is more than 90% of the total book value of the Group as at the valuation date. The 257 projects are located in 5 economic regions of the PRC and their values as at the valuation date are summarized as follows:

| Number of Projects | Economic Region | Market value for reference (for properties without proper title certificates)* | | |
|-----------------------|---|--|--|--|
| | | Market value in existing state as at the valuation date (RMB) | Market value attributable to the Group as at the valuation date (RMB) | Market value as at the valuation date (RMB) |
| 122 | Yangtze River Delta Economic Region (長江三角洲經濟區) | 87,380,000,000 | 55,600,000,000 | 1,153,000,000 |
| 71 | Midwest China Economic Zone (中西部經濟區) | 30,092,000,000 | 20,258,000,000 | 1,377,000,000 |
| 22 | Pan-Bohai Economic Rim (環渤海經濟圈) | 6,117,000,000 | 3,141,000,000 | 1,508,000,000 |
| 34 | Western Taiwan Straits Economic Zone (海峽西岸經濟區) | 18,021,000,000 | 11,773,000,000 | — |
| 8 | Pearl River Delta Economic Zone (珠江三角洲經濟區) | 4,576,000,000 | 3,483,000,000 | — |
| 257 | | 146,186,000,000 | 94,255,000,000 | 4,038,000,000 |

** For properties in Group IV without proper title certificates held by the Group, we have attributed no commercial value to them. Although these properties are without proper title certificates held by the Group, we have assessed the market value of them for reference purpose only assuming their title certificates have been obtained and they can be freely transferred by the Group and there is no legal impediment and onerous cost in obtaining the title certificates.*

In accordance with the requirements in rule 5.02B of Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, as the value of a property interest as at the valuation date is less than 5% of the total property interests, we present the property information and valuation in the format of summary disclosure.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our summary disclosure of values is 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 25 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY DISCLOSURE OF PROPERTY VALUATION

Abbreviation:

GFA: Gross Floor Area

R: Residential

C: Commercial

O: Office

H: Hotel

CPS: Car Parking Space

“—”: Not Applicable or Not Available

Group I — Properties held for sale by the Group in the PRC

| Property No. | Name of Property | Province/ Municipality | Site Area (sq.m.) | Use | Total GFA (sq.m.) | Total Saleable GFA (excluding CPS) (sq.m.) | Number of Saleable CPS | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|---|---------------------------|----------------------|-----------|----------------------|--|---------------------------|---|--------------------------------------|
| | | | | | | | | | |
| | | | | | 1,118,095.38 | 1,028,724.27 | 2,313 | | |
| 1 | Unsold portion of Jiaxing Zhongliang Xiuhu THE ONE | Zhejiang | — | R | 132,405.58 | 132,405.58 | — | 16 November 2086 for residential use, 16 November 2056 for commercial use | — |
| 2 | Unsold portion of Pinghu Zhongliang Donghu THE ONE | Zhejiang | — | R | 222,896.07 | 222,896.07 | — | 24 November 2086 for residential use | — |
| 3 | Unsold portion of Tongxiang Zhongliang Royal Park | Zhejiang | — | R | 29,034.65 | 29,034.65 | — | 26 September 2086 for residential use | — |
| 4 | Unsold portion of Lishui Royal Lakeside Mansion | Zhejiang | — | R | 51,284.75 | 51,284.75 | — | 28 November 2086 for residential use | — |
| 5 | Unsold portion of Sanmen Zhongliang Royal Garden | Zhejiang | — | R, C, CPS | 110,678.74 | 90,355.87 | 588 | 24 March 2086 for residential use, 24 March 2056 for commercial use | — |
| 6 | Unsold portion of Taizhou Jiaojiang Zhongliang Capital ONE (Phase I) | Zhejiang | — | R, C, CPS | 85,767.74 | 72,393.66 | 440 | 27 June 2086 for residential use, 27 June 2056 for commercial use | — |
| 7 | Unsold portion of Taizhou Jiaojiang Zhongliang Capital ONE (Phase II) | Zhejiang | — | R, C, CPS | 25,109.17 | 20,325.67 | 126 | 30 November 2086 for residential use, 30 November 2056 for commercial use | — |

| Completion Date | Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|-----------------|----------------------------|--|--|--|--|---|--|---|
| | | 887,896.49 | | | 12,733,000,000 | | 8,588,000,000 | |
| January 2019 | — | 132,405.58 | — | — | 1,444,000,000 | 61.7% | 892,000,000 | — |
| December 2018 | — | 220,402.55 | — | — | 2,945,000,000 | 69.5% | 2,048,000,000 | — |
| March 2019 | — | 29,034.65 | — | — | 382,000,000 | 91.3% | 349,000,000 | — |
| January 2019 | — | 51,284.75 | — | — | 899,000,000 | 39.5% | 355,000,000 | — |
| February 2019 | — | — | — | — | 842,000,000 | 57.0% | 480,000,000 | — |
| December 2018 | — | 63,776.50 | — | — | 863,000,000 | 94.2% | 813,000,000 | — |
| March 2019 | — | 20,325.67 | — | — | 312,000,000 | 97.0% | 303,000,000 | — |

| Property No. | Name of Property | Province/ Municipality | Site Area (sq.m.) | Use | Total GFA (sq.m.) | Total Saleable GFA (excluding CPS) (sq.m.) | Number of Saleable CPS | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|--|---------------------------|----------------------|-----------------------|----------------------|--|---------------------------|--|--------------------------------------|
| | | | | | | | | | |
| 8 | Unsold portion of Taizhou Zhongliang Wenling Impression Garden | Zhejiang | — | R, C | 11,820.61 | 11,820.61 | | 25 October 2086 for residential use, 25 October 2056 for commercial use | — |
| 9 | Unsold portion of Ningbo Zhongliang THE ONE | Zhejiang | — | R, CPS | 23,375.16 | 22,269.82 | 71 | 4 February 2086 for residential use | — |
| 10 | Unsold portion of Zhuji Zhongliang THE ONE | Zhejiang | — | CPS, Storage | 26,906.37 | 2,262.17 | 349 | 19 April 2086 for residential use, 19 April 2056 for commercial use | — |
| 11 | Unsold portion of Zhoushan Zhongliang Capital Park | Zhejiang | — | R, C | 64,185.57 | 64,185.57 | — | 21 November 2086 for residential use, 21 November 2056 for commercial use | — |
| 12 | Unsold portion of Kaihua Zhongliang Bund THE ONE | Zhejiang | — | R, C | 40,228.98 | 40,228.98 | — | 4 August 2086 for residential use, 4 August 2056 for commercial use | — |
| 13 | Unsold portion of Lanxi Zhongliang Joy International Plaza | Zhejiang | — | C | 3,753.66 | 3,753.66 | — | 3 February 2087 for residential use, 3 February 2057 for commercial use | — |
| 14 | Unsold portion of Suzhou Zhongliang Capital ONE | Jiangsu | — | R | 402.58 | 402.58 | — | 13 July 2086 for residential use | — |
| 15 | Unsold portion of Suzhou Zhongliang Royal Villa Park | Jiangsu | — | R, C | 10,411.50 | 10,411.50 | — | 17 November 2072 for residential use | — |
| 16 | Unsold portion of Zhangjiagang Zhongliang THE ONE | Jiangsu | — | R, C, CPS | 61,428.65 | 42,800.15 | 550 | 6 July 2086 and 24 October 2086 for residential use | — |
| 17 | Unsold portion of Dongtai Zhongliang Royal Park | Jiangsu | — | R, C, CPS, Storage | 26,449 | 19,936.38 | 189 | 12 December 2084 for residential use, 12 December 2054 for commercial use | — |
| 18 | Unsold portion of Wuhu Zhongliang Royal Park | Anhui | — | R | 11,109.69 | 11,109.69 | — | 19 March 2087 for residential use | — |

| Completion Date | Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|-----------------|----------------------------|--|--|--|--|---|--|---|
| March 2019 | — | 11,820.61 | — | — | 243,000,000 | 70.8% | 172,000,000 | — |
| September 2018 | — | 22,269.82 | — | — | 484,000,000 | 92.7% | 449,000,000 | — |
| August 2018 | — | 2,262.17 | — | — | 42,000,000 | 92.9% | 39,000,000 | — |
| January 2019 | — | 64,185.57 | — | — | 917,000,000 | 57.8% | 530,000,000 | — |
| September 2018 | — | 40,036.45 | — | — | 490,000,000 | 58.9% | 288,000,000 | — |
| December 2018 | — | 3,753.66 | — | — | 65,000,000 | 51.8% | 34,000,000 | — |
| May 2018 | — | — | — | — | 8,000,000 | 30.0% | 2,000,000 | — |
| September 2018 | — | 9,445.68 | — | — | 205,000,000 | 67.0% | 137,000,000 | — |
| October 2018 | — | 41,598.55 | — | — | 594,000,000 | 64.2% | 382,000,000 | — |
| October 2018 | — | 17,159.23 | — | — | 206,000,000 | 82.0% | 169,000,000 | — |
| November 2018 | — | 2,770.25 | — | — | 140,000,000 | 94.0% | 132,000,000 | — |

| Property No. | Name of Property | Province/ Municipality | Site Area (sq.m.) | Use | Total GFA (sq.m.) | Total Saleable GFA (excluding CPS) (sq.m.) | Number of Saleable CPS | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|--|---------------------------|----------------------|------|----------------------|--|---------------------------|--|--------------------------------------|
| 19 | Unsold portion of Wuhu Zhongliang Wanjiang THE ONE | Anhui | — | R | 14,616.48 | 14,616.48 | — | 5 September 2086 for residential use, 5 September 2056 for commercial use | — |
| 20 | Unsold portion of Ganzhou Zhongliang Jiangdu Mansion | Jiangxi | — | R, C | 63,109.82 | 63,109.82 | — | 18 December 2086 for residential use, 18 December 2056 for commercial use | — |
| 21 | Unsold portion of Fuding Zhongliang Joy Plaza | Fujian | — | R, C | 24,438.43 | 24,438.43 | — | 9 March 2075 for residential use | — |
| 22 | Unsold portion of Sanming Zhongliang THE ONE | Fujian | — | R, C | 78,682.18 | 78,682.18 | — | 27 February 2087 for residential use, 27 February 2057 for commercial use | — |

Notes:

1. As advised by the Group, portions of the properties with a total gross floor area of approximately 887,896.49 sq.m. have been pre-sold to various third parties at a total consideration of RMB11,425,291,861. Such portions of the properties 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 values of the properties, we have taken into account the contracted prices of such portions.
2. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. The Group is legally and validly in possession of the land use rights with respect to the properties held for sale. The Group has the rights to occupy and use the land of the properties except the land parcels which are subject to mortgages, but the transfer of these mortgaged properties are subject to the mortgages until the mortgages have been released;
 - b. The Group has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. The group has the rights to legally pre-sell portions of the properties according to the obtained Pre-sale Permits.

| Completion Date | Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|-----------------|----------------------------|--|--|--|--|---|--|---|
| January 2019 | — | 14,167.72 | — | — | 169,000,000 | 52.6% | 89,000,000 | — |
| March 2019 | — | 62,514.90 | — | — | 692,000,000 | 65.8% | 455,000,000 | — |
| July 2015 | — | — | — | — | 184,000,000 | 80.0% | 147,000,000 | — |
| January 2019 | — | 78,682.18 | — | — | 607,000,000 | 53.3% | 323,000,000 | — |

Group II — Properties held under development by the Group in the PRC

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA (excluding CPS) (sq.m.) | Number of CPS | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|--|---------------------------|----------------------|------|---------------------------------|--|------------------|---|--------------------------------------|
| | | | | | | | | | |
| | | | | | 27,509,897.08 | 21,183,999.37 | 166,826 | | |
| 23 | Portions of Jiaxing Zhongliang Xiuhu THE ONE | Zhejiang | 103,119.06 | R, C | 177,275.19 | 125,513.72 | 1,784 | 16 November 2086 for residential use, 16 November 2056 for commercial use | December 2016 |
| 24 | Cangnan Century ONE | Zhejiang | 13,915.00 | R, C | 37,071.50 | 26,508.36 | 180 | 25 September 2088 for residential use, 25 September 2058 for commercial use | September 2018 |
| 25 | Cangnan THE ONE | Zhejiang | 27,029.00 | R, C | 85,499.40 | 66,318.73 | 569 | 12 May 2087 for residential use, 12 May 2067 for commercial use | August 2017 |
| 26 | Cangnan Top Town | Zhejiang | 25,198.00 | R, C | 67,297.70 | 49,553.84 | 384 | 10 November 2087 for residential use, 10 November 2057 for commercial use | April 2018 |
| 27 | Cangnan Zhongliang Capital Park | Zhejiang | 19,983.96 | R, C | 63,342.90 | 49,152.01 | 457 | 11 February 2087 for residential use, 11 February 2057 for commercial use | March 2017 |
| 28 | Liushi Zhongliang Capital Park | Zhejiang | 37,596.21 | R, C | 134,469.50 | 100,676.93 | 717 | 4 September 2088 for residential use, 4 September 2058 for commercial use, 4 September 2068 for educational use | September 2018 |
| 29 | Pingyang Metro Garden | Zhejiang | — | R, C | 150,726.72 | 112,049.06 | 1,132 | 9 October 2083 for residential use, 9 October 2053 for commercial use | March 2018 |
| 30 | Pingyang Zhongliang Capital Park | Zhejiang | 33,693.00 | R, C | 123,817.00 | 93,380.44 | 617 | 29 September 2088 for residential use | November 2018 |

| Estimated/Actual Completion Date | Pre-Sale Commencement Date | Total Saleable | | Development Cost incurred | | Market Value in existing state as at Valuation Date | Market Value Interest Attributable to the Group | Market Value Attributable to the Group as at Valuation Date | Market Value for reference (for properties without proper title certificates) as at Valuation Date |
|-------------------------------------|-------------------------------|--------------------------------------|---|---|-------------------------|---|---|---|--|
| | | GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | up to the Valuation Date (if under development) (RMB) | Market Value Date (RMB) | | | | |
| | | 11,998,179.33 | 154,435,000,000 | 108,042,000,000 | 123,382,000,000 | | | 78,471,000,000 | |
| December 2019 | January 2017 | 124,555.22 | 1,489,000,000 | 1,386,000,000 | 1,534,000,000 | 61.7% | 947,000,000 | — | |
| November 2020 | January 2019 | 10,951.49 | 301,000,000 | 221,000,000 | 231,000,000 | 100.0% | 231,000,000 | — | |
| November 2019 | September 2017 | 45,087.07 | 1,216,000,000 | 1,086,000,000 | 1,124,000,000 | 94.9% | 1,066,000,000 | — | |
| September 2020 | May 2018 | 46,022.45 | 654,000,000 | 538,000,000 | 534,000,000 | 94.0% | 502,000,000 | — | |
| April 2019 | June 2017 | 45,866.98 | 588,000,000 | 574,000,000 | 733,000,000 | 56.4% | 413,000,000 | — | |
| December 2020 | November 2018 | 22,184.57 | 893,000,000 | 597,000,000 | 911,000,000 | 100.0% | 911,000,000 | — | |
| March 2020 | April 2018 | 102,095.86 | 677,000,000 | 510,000,000 | 604,000,000 | 94.0% | 568,000,000 | — | |
| February 2021 | December 2018 | 29,630.89 | 583,000,000 | 277,000,000 | 295,000,000 | 100.0% | 295,000,000 | — | |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA (excluding CPS) (sq.m.) | Number of CPS | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|--|---------------------------|----------------------|------|---------------------------------|--|------------------|--|--------------------------------------|
| | | | | | | | | | |
| 31 | Pingyang Zhongliang ONE Palace | Zhejiang | 26,081.00 | R | 71,670.00 | 53,911.46 | 477 | 28 August 2088 for residential use | September 2018 |
| 32 | Ruian Joy Elegance Court | Zhejiang | 5,518.58 | R | 18,718.00 | 14,238.51 | 103 | 23 April 2087 for residential use | October 2017 |
| 33 | Ruian Shanti Peninsula | Zhejiang | 7,856.88 | R | 30,194.00 | 23,663.32 | 197 | 25 July 2083 for residential use | February 2018 |
| 34 | Wenzhou Longwan Zhongliang Huahong Capital ONE | Zhejiang | 24,642.16 | R, C | 68,681.45 | 50,884.08 | 368 | 17 January 2088 for residential use, 17 January 2058 for commercial use | April 2018 |
| 35 | Wenzhou Zhongliang Majestic Mansion | Zhejiang | 65,247 | R, C | 265,365.54 | 186,026.01 | 1,831 | 6 December 2088 for residential use, 6 December 2058 for commercial use | March 2019 |
| 36 | Wenzhou Zhongliang THE ONE | Zhejiang | 78,793.02 | R, C | 221,896.00 | 164,800.24 | 1,217 | 31 July 2087 for residential use, 31 July 2057 for commercial use | September 2017 |
| 37 | Yueqing Capital Elegance Court | Zhejiang | 30,976.00 | R, C | 118,607.00 | 91,998.79 | 751 | 4 April 2087 for residential use, 4 April 2057 for commercial use | April 2017 |
| 38 | Yueqing Zhongliang Glory Garden | Zhejiang | 11,093.01 | R, C | 30,599.20 | 23,343.68 | 197 | 7 January 2088 for residential use, 7 January 2058 for commercial use | February 2018 |
| 39 | Yueqing Zhongliang Joy Park | Zhejiang | 4,811.00 | R, C | 17,313.66 | 13,306.42 | 90 | 17 August 2087 for residential use | April 2018 |
| 40 | Zhongliang Huadong Metro Tower | Zhejiang | 48,247.00 | R, C | 155,221.99 | 118,403.05 | 955 | 28 October 2088 for residential use | November 2018 |
| 41 | Lishui Jade Elegance Court | Zhejiang | 69,833.00 | R, C | 171,692.90 | 124,684.90 | 887 | 24 September 2087 for residential use, 24 September 2057 for commercial use | November 2017 |
| 42 | Lishui Tianchen Capital ONE | Zhejiang | 72,092.00 | R, C | 229,771.53 | 167,744.47 | 1,867 | 11 November 2088 for residential use | November 2018 |

| Estimated/Actual Completion Date | Estimated/Actual Pre-Sale Commencement Date | Total Saleable | | Development Cost incurred | | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|-------------------------------------|--|--------------------------------------|---|---|---|---|--|---|--|
| | | GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development up to the Valuation Date (if under development) (RMB) | Market Value up to the Valuation Date (RMB) | | | | |
| January 2021 | November 2018 | 16,284.50 | 581,000,000 | 448,000,000 | 477,000,000 | 100.0% | 477,000,000 | — | |
| July 2019 | December 2017 | 14,238.51 | 163,000,000 | 144,000,000 | 198,000,000 | 91.1% | 180,000,000 | — | |
| July 2020 | May 2018 | 23,663.32 | 303,000,000 | 206,000,000 | 253,000,000 | 94.0% | 238,000,000 | — | |
| August 2020 | June 2018 | 39,192.08 | 791,000,000 | 688,000,000 | 820,000,000 | 35.0% | 287,000,000 | — | |
| September 2021 | August 2019 | — | 3,298,000,000 | 1,983,000,000 | 2,006,000,000 | 46.0% | 923,000,000 | — | |
| September 2019 | December 2017 | 137,053.07 | 2,266,000,000 | 1,964,000,000 | 2,149,000,000 | 65.1% | 1,399,000,000 | — | |
| May 2019 | June 2017 | 91,998.79 | 789,000,000 | 763,000,000 | 917,000,000 | 100.0% | 917,000,000 | — | |
| November 2019 | May 2018 | 23,182.66 | 285,000,000 | 262,000,000 | 324,000,000 | 65.8% | 213,000,000 | — | |
| July 2021 | December 2018 | 2,596.08 | 145,000,000 | 99,000,000 | 111,000,000 | 64.0% | 71,000,000 | — | |
| January 2021 | January 2019 | 16,639.05 | 1,050,000,000 | 600,000,000 | 623,000,000 | 100.0% | 623,000,000 | — | |
| December 2019 | January 2018 | 111,422.70 | 1,703,000,000 | 1,411,000,000 | 890,000,000 | 61.8% | 550,000,000 | — | |
| March 2021 | January 2019 | 82,538.58 | 2,469,000,000 | 1,908,000,000 | 1,966,000,000 | 30.0% | 590,000,000 | — | |

| Property No. | Name of Property | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA (excluding CPS) (sq.m.) | Number of CPS | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|--|---------------------------|----------------------|-----------------------------|---------------------------------|--|------------------|--|--------------------------------------|
| | | | | | | | | | |
| 43 | Qingtian Jiangnan Zhongliang Joy International Plaza | Zhejiang | 16,170.31 | R | 73,740.48 | 61,443.08 | 503 | 21 June 2087 for residential use | August 2017 |
| 44 | Portions of Qingtian Zhongliang Joy Plaza | Zhejiang | — | R, C, H, O, CPS | 214,638.72 | 174,581.26 | 950 | 19 June 2083 for residential use, 19 June 2053 for commercial use | November 2016 |
| 45 | Qingyuan Royal Garden | Zhejiang | 20,921.70 | R, C | 62,749.76 | 46,476.29 | 376 | 22 July 2088 for residential use, 22 July 2058 for commercial use | September 2018 |
| 46 | Songyang Binjiang Capital Park | Zhejiang | 55,827.29 | R, C | 143,313.00 | 104,017.69 | 788 | 2 January 2087 for residential use, 2 January 2057 for commercial use | December 2016 |
| 47 | Yunhe Royal Park | Zhejiang | 30,579.50 | R, C | 69,613.37 | 48,367.97 | 451 | 14 August 2087 for residential use | September 2017 |
| 48 | Linhai Joy Majestic Park | Zhejiang | 34,773.00 | R, C, CPS, Storage | 100,004.55 | 77,282.90 | 627 | 27 December 2086 for residential use, 27 December 2056 for commercial use | July 2017 |
| 49 | Linhai Platinum Joy Park | Zhejiang | 42,954.00 | R, C, CPS, Storage | 123,241.61 | 89,609.60 | 811 | 18 October 2087 for residential use, 18 October 2057 for commercial use | May 2018 |
| 50 | Taizhou Huangyan Shanti Mansion | Zhejiang | 9,822.00 | R, CPS | 27,950.00 | 21,202.66 | 150 | 12 April 2087 for residential use, 12 April 2057 for commercial use | May 2017 |
| 51 | Taizhou Huangyan Yongning Capital Park | Zhejiang | 52,556.00 | R, C | 156,037.86 | 119,614.98 | 733 | 20 February 2087 for residential use, 20 February 2057 for commercial use | April 2017 |
| 52 | Taizhou Jiaojiang Capital Park | Zhejiang | 19,155.00 | R, C, CPS | 62,566.65 | 47,206.54 | 428 | 14 February 2087 for residential use, 14 February 2057 for commercial use | March 2017 |
| 53 | Taizhou Jiaojiang Royal Garden | Zhejiang | 14,606.00 | R, C, O, CPS, Storage | 64,556.50 | 50,649.26 | 380 | 18 January 2087 for residential use, 18 January 2057 for commercial use | June 2017 |

| Estimated/Actual Completion Date | Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|-------------------------------------|-------------------------------|---|---|---|---|---|---|--|
| | | | | | | | | — |
| July 2019 | September 2017 | 50,996.68 | 301,000,000 | 189,000,000 | 242,000,000 | 28.5% | 69,000,000 | — |
| November 2019 | January 2017 | 133,716.35 | 1,468,000,000 | 949,000,000 | 1,088,000,000 | 47.1% | 512,000,000 | — |
| August 2020 | October 2018 | 37,502.68 | 528,000,000 | 355,000,000 | 373,000,000 | 100.0% | 373,000,000 | — |
| April 2019 | April 2017 | 104,017.69 | 831,000,000 | 772,000,000 | 939,000,000 | 32.4% | 304,000,000 | — |
| July 2019 | November 2017 | 48,367.97 | 296,000,000 | 291,000,000 | 329,000,000 | 91.9% | 303,000,000 | — |
| May 2019 | August 2017 | 77,282.90 | 997,000,000 | 981,000,000 | 1,315,000,000 | 87.2% | 1,147,000,000 | — |
| March 2020 | June 2018 | 64,515.71 | 1,455,000,000 | 1,247,000,000 | 1,372,000,000 | 54.6% | 749,000,000 | — |
| June 2019 | October 2017 | 21,202.66 | 240,000,000 | 239,000,000 | 296,000,000 | 87.2% | 258,000,000 | — |
| May 2019 | June 2017 | 119,614.98 | 1,017,000,000 | 952,000,000 | 1,210,000,000 | 61.9% | 748,000,000 | — |
| May 2019 | May 2017 | 46,810.55 | 543,000,000 | 522,000,000 | 548,000,000 | 75.8% | 415,000,000 | — |
| July 2019 | September 2017 | 36,703.76 | 434,000,000 | 422,000,000 | 572,000,000 | 62.1% | 355,000,000 | — |

| Property No. | Name of Property | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|---|---------------------------|----------------------|--------------------|---------------------------------|-----------------------|------------------|--|--------------------------------------|
| | | | | | | (excluding CPS) | Number of CPS | | |
| 54 | Taizhou Jiaojiang Zhongliang Capital ONE | Zhejiang | 23,490.00 | R, C, CPS | 55,960.51 | 41,694.69 | 342 | 14 February 2087 for residential use, 14 February 2057 for commercial use | July 2017 |
| 55 | Taizhou Wenling Academy ONE | Zhejiang | 14,128.00 | R, C | 40,697.26 | 29,597.88 | 331 | 21 January 2088 for residential use, 21 January 2058 for commercial use | March 2018 |
| 56 | Taizhou Wenling Zhongliang Scholarly Garden | Zhejiang | 11,231.00 | R, C | 60,776.90 | 41,714.54 | 336 | 20 February 2087 for residential use, 20 February 2057 for commercial use | March 2017 |
| 57 | Wenling Zhongliang Royal ONE | Zhejiang | 19,626.00 | R, C | 63,342.03 | 49,289.37 | 318 | 30 August 2088 for residential use, 30 August 2058 for commercial use | September 2018 |
| 58 | Wenling Zhongliang Shanti Mansion | Zhejiang | 13,279.00 | R, C | 35,534.09 | 26,563.03 | 193 | 4 September 2088 for residential use, 4 September 2058 for commercial use | September 2018 |
| 59 | Yuhuang Zhongliang Top Town | Zhejiang | 94,767.00 | R, CPS, Storage | 186,417.45 | 149,435.83 | 1,117 | 28 October 2087 for residential use, 28 October 2057 for commercial use | November 2017 |
| 60 | Ningbo Zhongliang Capital Park | Zhejiang | 51,700.00 | R, C, CPS | 135,034.95 | 100,825.49 | 904 | 21 March 2087 for residential use, 21 March 2057 for commercial use | April 2017 |
| 61 | Ningbo Zhongliang Metro Garden | Zhejiang | 19,249.75 | R, C, H, O, CPS | 124,203.22 | 89,753.26 | 780 | 17 July 2087 for residential, 17 July 2057 for commercial use | May 2018 |
| 62 | Yuyao Zhongliang Top Town | Zhejiang | 47,160.00 | R, CPS | 124,609.99 | 93,540.63 | 839 | 15 August 2086 for residential use | March 2017 |
| 63 | Hangzhou Chunan Zhongliang Islands Capital Park | Zhejiang | 100,687.50 | R, C | 149,757.22 | 111,231.54 | 824 | 10 June 2080 for residential use, 10 June 2050 for commercial use | October 2017 |

| Estimated/Actual Completion Date | Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|-------------------------------------|-------------------------------|---|---|---|---|---|---|--|
| | | | | | | | | — |
| August 2019 | November 2017 | 41,694.69 | 415,000,000 | 377,000,000 | 430,000,000 | 67.2% | 289,000,000 | — |
| August 2020 | July 2018 | 19,389.89 | 545,000,000 | 442,000,000 | 540,000,000 | 60.0% | 324,000,000 | — |
| June 2019 | September 2017 | 41,714.54 | 521,000,000 | 356,000,000 | 459,000,000 | 63.4% | 291,000,000 | — |
| July 2021 | December 2018 | 26,944.15 | 791,000,000 | 573,000,000 | 580,000,000 | 37.0% | 215,000,000 | — |
| April 2021 | January 2019 | 6,126.06 | 410,000,000 | 289,000,000 | 303,000,000 | 43.6% | 132,000,000 | — |
| December 2019 | May 2018 | 122,752.74 | 1,565,000,000 | 1,162,000,000 | 1,326,000,000 | 65.8% | 873,000,000 | — |
| June 2019 | June 2017 | 100,825.49 | 1,152,000,000 | 1,082,000,000 | 1,400,000,000 | 56.4% | 790,000,000 | — |
| December 2020 | November 2018 | 32,991.61 | 812,000,000 | 472,000,000 | 632,000,000 | 45.1% | 285,000,000 | — |
| April 2019 | June 2017 | 93,540.63 | 759,000,000 | 755,000,000 | 989,000,000 | 52.6% | 520,000,000 | — |
| December 2019 | December 2017 | 94,943.01 | 1,198,000,000 | 979,000,000 | 1,280,000,000 | 56.4% | 722,000,000 | — |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|---|---------------------------|----------------------|-----------|---------------------------------|-------------------------------|------------------|---|--------------------------------------|
| | | | | | | (excluding CPS) (sq.m.) | Number of CPS | | |
| 64 | Anji Joy Expo Park | Zhejiang | 22,559.00 | R, C, O | 55,596.46 | 41,656.88 | 264 | 24 September 2088 for residential use, 24 September 2058 for commercial use | December 2018 |
| 65 | Anji Zhongliang Joy Capital Park (North Zone) | Zhejiang | 25,767.00 | R | 41,919.42 | 32,199.52 | 258 | 16 April 2088 for residential use, 16 April 2058 for commercial use | July 2018 |
| 66 | Anji Zhongliang Joy Capital Park (South Zone) | Zhejiang | 19,118.97 | R | 40,326.94 | 30,056.10 | 235 | 29 January 2088 for residential use, 29 January 2058 for commercial use | July 2018 |
| 67 | Deqing Zhongliang THE ONE | Zhejiang | 56,910.00 | R | 117,071.31 | 84,356.79 | 662 | 30 July 2088 for residential use | September 2018 |
| 68 | Huzhou Zhongliang Capital Park | Zhejiang | 20,346.00 | R, C, CPS | 53,523.52 | 39,841.35 | 382 | 19 December 2087 for residential use | January 2018 |
| 69 | Huzhou Zhongliang Royal Park | Zhejiang | 13,732.00 | R, CPS | 43,167.66 | 31,547.80 | 337 | 10 May 2088 for residential use, 10 May 2058 for commercial use | July 2018 |
| 70 | Portions of Zhoushan Zhongliang Capital Park | Zhejiang | — | R, C | 76,038.00 | 52,005.14 | 486 | 21 November 2086 for residential use, 21 November 2056 for commercial use | April 2017 |
| 71 | Zhoushan Zhongliang Wenchang Garden | Zhejiang | 11,328.70 | R | 27,653.93 | 20,132.69 | 154 | 22 November 2087 for residential use | February 2018 |
| 72 | Zhoushan Zhongliang Wenlan Garden | Zhejiang | 44,919.98 | R | 84,333.14 | 61,620.99 | 556 | 30 January 2088 for residential use | May 2018 |
| 73 | Dongyang Zhongliang Binjiang THE ONE | Zhejiang | 45,117.00 | R, C | 127,391.17 | 96,945.02 | 690 | 10 December 2087 for residential use, 10 December 2057 for commercial use | February 2018 |
| 74 | Dongyang Zhongliang Crescent Garden | Zhejiang | 56,526.00 | R, C | 204,581.98 | 154,789.62 | 1,320 | 2 April 2088 for residential use, 2 April 2058 for commercial use | July 2018 |

| Estimated Completion Date | Estimated/Actual Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|---|---|---|---|---|--|---|--|
| | | | | | | | | — |
| May 2020 | March 2019 | — | 432,000,000 | 300,000,000 | 300,000,000 | 100.0% | 300,000,000 | — |
| March 2020 | September 2018 | 16,992.38 | 233,000,000 | 157,000,000 | 174,000,000 | 47.9% | 83,000,000 | — |
| January 2020 | August 2018 | 26,376.57 | 214,000,000 | 144,000,000 | 162,000,000 | 36.7% | 59,000,000 | — |
| June 2020 | November 2018 | 5,610.41 | 1,529,000,000 | 1,085,000,000 | 1,097,000,000 | 95.0% | 1,042,000,000 | — |
| October 2019 | April 2018 | 38,630.73 | 334,000,000 | 306,000,000 | 360,000,000 | 79.9% | 288,000,000 | — |
| March 2020 | September 2018 | 24,874.23 | 385,000,000 | 344,000,000 | 410,000,000 | 94.0% | 385,000,000 | — |
| May 2019 | May 2017 | 52,005.14 | 656,000,000 | 654,000,000 | 784,000,000 | 57.8% | 453,000,000 | — |
| July 2019 | March 2018 | 12,451.13 | 265,000,000 | 249,000,000 | 291,000,000 | 57.1% | 166,000,000 | — |
| May 2020 | July 2018 | 45,251.84 | 742,000,000 | 630,000,000 | 745,000,000 | 65.8% | 490,000,000 | — |
| January 2020 | April 2018 | 86,212.12 | 711,000,000 | 539,000,000 | 795,000,000 | 46.9% | 373,000,000 | — |
| July 2020 | July 2018 | 83,901.70 | 1,210,000,000 | 807,000,000 | 1,005,000,000 | 41.4% | 416,000,000 | — |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|---|---------------------------|----------------------|------------------|---------------------------------|-----------------------|------------------|--|--------------------------------------|
| | | | | | | (excluding CPS) | Number of CPS | | |
| 75 | Wuyi Zhongliang Huadong THE ONE | Zhejiang | 70,318.00 | R, C | 187,337.77 | 151,538.02 | 1,151 | 27 September 2088 for residential use, 27 September 2058 for commercial use | November 2018 |
| 76 | Yongkang Zhongliang Huadong Royal Park | Zhejiang | 53,040.00 | R, C | 156,093.30 | 103,081.18 | 1,250 | 31 July 2088 for residential use | June 2018 |
| 77 | Portions of Changzhou Zhongliang Capital ONE | Jiangsu | — | R, CPS | 146,736.59 | 120,316.05 | 1,230 | 27 May 2083 for residential use, 27 May 2053 for commercial use | January 2018 |
| 78 | Portions of Changzhou Zhongliang Joy Plaza | Jiangsu | — | R, CPS | 111,101.72 | 83,252.04 | 556 | 12 December 2088 for residential use | March 2019 |
| 79 | Liyang Zhongliang Shanti Mansion | Jiangsu | 49,896.00 | R, C | 152,292.76 | 107,476.30 | 1,010 | 7 November 2084 for residential use, 7 November 2054 for commercial use | July 2017 |
| 80 | Qianhuang Zhongliang THE ONE | Jiangsu | 37,558.00 | R, C, CPS | 98,201.54 | 73,808.74 | 754 | 12 November 2088 for residential use | December 2018 |
| 81 | Ganyu Zhongliang Capital Park | Jiangsu | 45,854.00 | R | 112,922.65 | 80,876.70 | 615 | 9 March 2089 for residential use | November 2018 |
| 82 | Lianyungang Zhongliang Yuzhou THE ONE | Jiangsu | 39,360.45 | R, C, Storage | 91,531.80 | 76,253.34 | 571 | 14 May 2085 for residential use | September 2017 |
| 83 | Haimeng Zhongliang THE ONE | Jiangsu | 54,702.00 | R, C | 129,264.00 | 97,230.91 | 975 | 15 July 2088 for residential use, 15 July 2058 for commercial use | October 2018 |
| 84 | Rugao Zhongliang THE ONE | Jiangsu | 23,811.00 | R, CPS | 53,050.73 | 40,074.26 | 269 | 10 July 2088 for residential use | September 2018 |
| 85 | Tongzhou Zhongliang Capital Park | Jiangsu | 41,241.00 | R, C, Storage | 106,517.62 | 86,451.76 | 474 | 26 December 2086 for residential use, 26 December 2056 for commercial use | March 2017 |
| 86 | Portions of Zhangjiagang Zhongliang THE ONE | Jiangsu | — | R, C, CPS | 152,617.09 | 110,247.33 | 342 | 6 July 2086 and 24 October 2086 for residential use | August 2016 |

| Completion Date | Estimated/Actual Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|-----------------|---|---|---|---|---|--|---|--|
| | | | | | | | | — |
| June 2021 | December 2018 | 25,170.08 | 1,280,000,000 | 663,000,000 | 678,000,000 | 100.0% | 678,000,000 | — |
| December 2020 | July 2018 | 21,402.08 | 1,558,000,000 | 1,144,000,000 | 1,356,000,000 | 60.2% | 816,000,000 | — |
| March 2020 | January 2018 | 86,390.07 | 633,000,000 | 427,000,000 | 1,060,000,000 | 37.5% | 398,000,000 | — |
| May 2021 | April 2019 | — | 545,000,000 | 245,000,000 | 252,000,000 | 100.0% | 252,000,000 | — |
| June 2019 | December 2017 | 107,476.30 | 747,000,000 | 596,000,000 | 768,000,000 | 49.8% | 383,000,000 | — |
| September 2020 | January 2019 | 5,698.68 | 561,000,000 | 291,000,000 | 334,000,000 | 70.0% | 234,000,000 | — |
| January 2021 | December 2018 | 12,197.52 | 536,000,000 | 208,000,000 | 224,000,000 | 51.2% | 115,000,000 | — |
| July 2019 | December 2017 | 72,947.95 | 481,000,000 | 335,000,000 | 561,000,000 | 59.1% | 332,000,000 | — |
| October 2020 | November 2018 | 50,240.93 | 630,000,000 | 346,000,000 | 388,000,000 | 56.4% | 219,000,000 | — |
| March 2020 | November 2018 | 27,792.05 | 240,000,000 | 178,000,000 | 206,000,000 | 42.3% | 87,000,000 | — |
| July 2019 | May 2017 | 81,902.51 | 668,000,000 | 649,000,000 | 691,000,000 | 62.0% | 428,000,000 | — |
| April 2019 | October 2016 | 110,147.39 | 1,241,000,000 | 1,231,000,000 | 1,423,000,000 | 64.2% | 914,000,000 | — |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|--|---------------------------|----------------------|------|---------------------------------|-------------------------------|------------------|--|--------------------------------------|
| | | | | | | (excluding CPS) (sq.m.) | Number of CPS | | |
| 87 | Jingjiang Zhongliang THE ONE | Jiangsu | 62,655.00 | R, C | 114,590.12 | 92,525.88 | 585 | 9 April 2087 for residential use, 9 April 2057 for commercial use | June 2017 |
| 88 | Taizhou Zhongliang Taida Capital ONE | Jiangsu | 62,040.00 | R, C | 171,226.28 | 125,829.55 | 1,141 | 17 December 2087 for residential use, 17 December 2057 for commercial use | April 2018 |
| 89 | Taizhou Zhongliang Taida THE ONE | Jiangsu | 43,536.00 | R, C | 121,272.00 | 89,798.38 | 826 | 25 July 2086 for residential use, 25 July 2056 for commercial use | December 2017 |
| 90 | Jiangyin Zhongliang Palace ONE | Jiangsu | 20,914.00 | R, C | 112,248.32 | 82,290.62 | 669 | 16 July 2084 for residential use, 16 July 2054 for commercial use | July 2017 |
| 91 | Jiangyin Zhongliang Royal Park | Jiangsu | 30,170.00 | R, C | 67,948.51 | 53,282.48 | 424 | 14 October 2088 for residential use, 14 October 2058 for commercial use | January 2019 |
| 92 | Jiangyin Zhongliang THE ONE | Jiangsu | 47,328.00 | R | 105,857.64 | 84,100.11 | 625 | 1 November 2080 for residential use, 1 November 2050 for commercial use | November 2017 |
| 93 | Wuxi Zhongliang Capital ONE | Jiangsu | 47,804.00 | R, C | 123,662.00 | 94,053.54 | 752 | 29 August 2086 for residential use, 29 August 2056 for commercial use | December 2016 |
| 94 | Yixing Zhongliang THE ONE | Jiangsu | 60,434.00 | R, C | 106,784.06 | 70,526.98 | 750 | 7 June 2087 for residential use, 7 June 2057 for commercial use | November 2017 |
| 95 | Pizhou Zhongliang Royal Park Phase I | Jiangsu | 66,246.00 | R, C | 212,783.30 | 164,326.19 | 1,379 | 28 June 2087 for residential use, 28 June 2057 for commercial use | October 2017 |
| 96 | Pizhou Zhongliang Royal Park Phase II | Jiangsu | 27,380.90 | R | 88,485.50 | 70,495.57 | — | 18 December 2088 for residential use | January 2019 |
| 97 | Xinyi Zhongwu Capital Park | Jiangsu | 29,138.38 | R | 97,970.00 | 74,191.35 | 596 | 17 June 2088 for residential use, 17 June 2058 for commercial use | August 2018 |

| Estimated Completion Date | Actual/Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|-----------------------------------|---|---|---|---|--|---|--|
| | | | | | | | | — |
| May 2019 | July 2017 | 92,525.88 | 807,000,000 | 768,000,000 | 962,000,000 | 61.0% | 587,000,000 | — |
| January 2020 | June 2018 | 124,343.57 | 837,000,000 | 674,000,000 | 896,000,000 | 50.8% | 455,000,000 | — |
| September 2019 | January 2018 | 87,055.34 | 478,000,000 | 362,000,000 | 614,000,000 | 30.6% | 188,000,000 | — |
| May 2020 | June 2018 | 54,480.52 | 669,000,000 | 513,000,000 | 705,000,000 | 61.9% | 436,000,000 | — |
| December 2021 | April 2019 | — | 387,000,000 | 195,000,000 | 221,000,000 | 56.4% | 125,000,000 | — |
| September 2019 | December 2017 | 84,100.11 | 859,000,000 | 782,000,000 | 939,000,000 | 21.8% | 205,000,000 | — |
| April 2019 | January 2017 | 93,492.87 | 1,035,000,000 | 1,030,000,000 | 1,095,000,000 | 66.5% | 728,000,000 | — |
| August 2019 | December 2017 | 67,261.24 | 807,000,000 | 708,000,000 | 811,000,000 | 53.2% | 431,000,000 | — |
| December 2019 | January 2018 | 158,861.20 | 782,000,000 | 476,000,000 | 662,000,000 | 46.1% | 305,000,000 | — |
| March 2021 | April 2019 | — | 359,000,000 | 144,000,000 | 155,000,000 | 46.1% | 71,000,000 | — |
| February 2021 | November 2018 | 30,801.39 | 706,000,000 | 379,000,000 | 391,000,000 | 47.9% | 187,000,000 | — |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|---|---------------------------|----------------------|--------------------------|---------------------------------|-------------------------------|------------------|--|--------------------------------------|
| | | | | | | (excluding CPS) (sq.m.) | Number of CPS | | |
| 98 | Xuzhou Zhongliang Capital Park | Jiangsu | 74,487.20 | R, C | 231,582.51 | 182,960.02 | 1,492 | 17 April 2087 for residential use, 17 April 2057 for commercial use | October 2017 |
| 99 | Xuzhou Zhongliang Shanti Mansion | Jiangsu | 213,723.70 | R, C | 760,523.12 | 618,749.67 | 3,241 | 5 February 2084 for residential use | June 2017 |
| 100 | Xuzhou Zhongliang THE ONE | Jiangsu | 47,360.15 | R | 100,319.49 | 74,483.25 | 609 | 16 August 2088 for residential use | November 2018 |
| 101 | Portions of Dongtai Zhongliang Royal Park | Jiangsu | — | R, C, CPS | 117,695.59 | 95,621.33 | 591 | 12 December 2084 for residential use, 12 December 2054 for commercial use | December 2016 |
| 102 | Yancheng Zhongliang Dragon Mansion | Jiangsu | 57,683.00 | R, C, CPS | 166,633.51 | 127,359.99 | 1,235 | 31 October 2086 for residential use | March 2017 |
| 103 | Yancheng Zhongliang Yandu Mansion | Jiangsu | 49,845.00 | R, C, CPS | 110,934.18 | 83,657.90 | 600 | 18 April 2088 for residential use, 18 April 2058 for commercial use | December 2018 |
| 104 | Baoying Zhongliang Rongchuang Capital ONE | Jiangsu | 77,707.00 | R, C, CPS, Storage | 217,763.40 | 159,425.92 | 1,320 | 29 September 2087 for residential use, 29 September 2057 for commercial use | January 2018 |
| 105 | Portions of Mengcheng Zhongliang Top Terrace | Anhui | — | R, C | 68,375.43 | 64,525.40 | 390 | 9 August 2088 for residential use | November 2018 |
| 106 | Chizhou Zhongliang THE ONE | Anhui | 54,477.00 | R, C | 117,603.66 | 94,878.13 | 527 | 30 November 2087 for residential use | January 2018 |
| 107 | Mengcheng Zhongliang THE ONE | Anhui | 121,830.95 | R, C | 308,145.54 | 243,273.52 | 1,796 | 27 March 2087 for residential use, 27 March 2057 for commercial use | July 2017 |
| 108 | Suixi Zhongliang Royal Garden | Anhui | 60,361.20 | R, C | 162,189.18 | 130,333.75 | 873 | 13 July 2087 for residential use, 13 July 2057 for commercial use | September 2017 |
| 109 | Suixi Zhongliang Royal Mansion | Anhui | 60,050.79 | R, C | 165,283.11 | 130,755.91 | 907 | 3 August 2087 for residential use, 3 August 2057 for commercial use | April 2018 |

| Estimated Completion Date | Actual/Pre-Sale Commencement Date | Total Saleable | | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|-----------------------------------|--------------------------------------|---|---|---|--|---|--|
| | | GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | | | | | |
| April 2020 | February 2018 | 177,837.18 | 1,382,000,000 | 977,000,000 | 1,075,000,000 | 47.1% | 506,000,000 | — |
| August 2021 | July 2017 | 578,859.44 | 3,403,000,000 | 1,925,000,000 | 2,848,000,000 | 53.0% | 1,510,000,000 | — |
| February 2021 | December 2018 | 10,142.13 | 521,000,000 | 321,000,000 | 345,000,000 | 94.0% | 324,000,000 | — |
| April 2019 | January 2017 | 95,420.11 | 588,000,000 | 494,000,000 | 617,000,000 | 82.0% | 506,000,000 | — |
| June 2019 | April 2017 | 127,359.99 | 867,000,000 | 827,000,000 | 1,204,000,000 | 88.3% | 1,063,000,000 | — |
| December 2020 | January 2019 | 18,562.94 | 637,000,000 | 330,000,000 | 330,000,000 | 65.8% | 217,000,000 | — |
| December 2019 | February 2018 | 125,890.02 | 1,249,000,000 | 918,000,000 | 998,000,000 | 55.9% | 558,000,000 | — |
| November 2020 | December 2018 | 20,646.17 | 298,000,000 | 195,000,000 | 249,000,000 | 62.5% | 156,000,000 | — |
| January 2020 | May 2018 | 82,370.55 | 788,000,000 | 628,000,000 | 697,000,000 | 65.8% | 459,000,000 | — |
| August 2019 | September 2017 | 225,010.82 | 1,567,000,000 | 1,303,000,000 | 1,383,000,000 | 80.0% | 1,106,000,000 | — |
| July 2019 | November 2017 | 126,402.63 | 601,000,000 | 428,000,000 | 487,000,000 | 65.8% | 320,000,000 | — |
| August 2019 | April 2018 | 98,138.25 | 602,000,000 | 336,000,000 | 398,000,000 | 48.0% | 191,000,000 | — |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|--|---------------------------|----------------------|------|---------------------------------|-----------------------|------------------|--|--------------------------------------|
| | | | | | | (excluding CPS) | Number of CPS | | |
| 110 | Tongling Zhongliang Elegence Court | Anhui | 36,626.66 | R, C | 114,057.76 | 90,999.97 | 718 | 5 April 2087 for residential use | August 2017 |
| 111 | Zongyang Zhongliang THE ONE | Anhui | 60,682.00 | R, C | 134,159.96 | 108,418.18 | 549 | 1 July 2088 for residential use | October 2018 |
| 112 | Fanchang Zhongliang THE ONE | Anhui | 47,274.00 | R | 108,836.60 | 82,151.30 | 668 | 4 September 2087 for residential use | December 2017 |
| 113 | Wuhu Zhongliang River Mansion 1612 | Anhui | 99,204.00 | R, C | 315,313.62 | 244,896.85 | 2,094 | 9 January 2087 for residential use | June 2017 |
| 114 | Portions of Wuhu Zhongliang Royal Park | Anhui | — | R, C | 80,498.94 | 48,103.45 | 841 | 19 March 2087 for residential use | May 2017 |
| 115 | Portions of Wuhu Zhongliang Wanjiang THE ONE | Anhui | — | R, C | 128,447.41 | 77,206.70 | 1,308 | 5 September 2086 for residential use, 5 September 2056 for commercial use | April 2017 |
| 116 | Wuhu Zhongliang Dragon Terrace | Anhui | 82,074.00 | R, C | 196,147.05 | 146,583.82 | 1,430 | 19 June 2088 for residential use, 19 June 2058 for commercial use | August 2018 |
| 117 | Suzhou Zhongliang Capital Park | Anhui | 11,910.48 | R, C | 33,939.00 | 26,907.88 | 158 | 23 February 2088 for residential use, 23 February 2058 for commercial use | November 2018 |
| 118 | Ningguo Zhongliang Ningguo Royal Mansion | Anhui | 34,077.00 | R, C | 71,958.00 | 60,253.07 | 305 | 9 March 2087 for residential use, 9 March 2057 for commercial use | May 2018 |
| 119 | Xuancheng Zhongliang Jingting Mansion | Anhui | 27,695.00 | R, C | 56,266.58 | 44,025.26 | 326 | 12 November 2087 for residential use, 12 November 2057 for commercial use | April 2018 |
| 120 | Xuancheng Zhongliang Xuandu Mansion | Anhui | 35,296.00 | R, C | 79,342.68 | 63,435.95 | 479 | 27 August 2087 for residential use, 27 August 2057 for commercial use | December 2017 |
| 121 | Zhongliang Xuanzhou THE ONE | Anhui | 119,240.00 | R, C | 324,389.53 | 256,426.30 | 2,452 | 21 March 2087 for residential use, 21 March 2057 for commercial use | June 2017 |

| Estimated Completion Date | Actual/Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|-----------------------------------|---|---|---|---|--|---|--|
| | | | | | | | | — |
| June 2019 | October 2017 | 90,484.65 | 400,000,000 | 351,000,000 | 469,000,000 | 61.1% | 286,000,000 | — |
| October 2020 | December 2018 | 10,115.48 | 597,000,000 | 299,000,000 | 324,000,000 | 100.0% | 324,000,000 | — |
| April 2019 | January 2018 | 78,661.44 | 436,000,000 | 377,000,000 | 459,000,000 | 47.1% | 216,000,000 | — |
| May 2019 | June 2017 | 244,477.31 | 1,345,000,000 | 1,164,000,000 | 1,278,000,000 | 62.1% | 794,000,000 | — |
| June 2019 | June 2017 | 48,103.45 | 558,000,000 | 532,000,000 | 569,000,000 | 94.0% | 535,000,000 | — |
| September 2019 | January 2017 | 76,607.85 | 659,000,000 | 623,000,000 | 715,000,000 | 52.6% | 376,000,000 | — |
| April 2020 | September 2018 | 88,412.62 | 987,000,000 | 661,000,000 | 746,000,000 | 76.0% | 567,000,000 | — |
| April 2020 | November 2018 | 21,429.24 | 163,000,000 | 84,000,000 | 54,000,000 | 100.0% | 54,000,000 | — |
| October 2019 | May 2018 | 54,351.59 | 283,000,000 | 179,000,000 | 229,000,000 | 38.5% | 88,000,000 | — |
| October 2019 | June 2018 | 33,679.34 | 257,000,000 | 178,000,000 | 217,000,000 | 65.8% | 143,000,000 | — |
| August 2019 | January 2018 | 60,529.72 | 439,000,000 | 385,000,000 | 381,000,000 | 54.7% | 208,000,000 | — |
| October 2019 | June 2017 | 256,175.76 | 1,398,000,000 | 1,035,000,000 | 1,169,000,000 | 65.8% | 769,000,000 | — |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|---|---------------------------|----------------------|------|---------------------------------|-------------------------------|------------------|--|--------------------------------------|
| | | | | | | (excluding CPS) (sq.m.) | Number of CPS | | |
| 122 | Jiyuan Zhongliang Jiyuan Mansion | Henan | 49,506.00 | R, C | 154,061.55 | 119,414.99 | 904 | 10 December 2087 for residential use | April 2018 |
| 123 | Jiaozuo Zhongliang Capital Park | Henan | 16,283.00 | R, C | 54,934.44 | 43,346.94 | 315 | 17 September 2087 for residential use, 17 September 2057 for commercial use | February 2018 |
| 124 | Nanyang Zhongliang Capital Park Phase II | Henan | 53,588.50 | R, C | 158,541.54 | 119,218.51 | 1,005 | 27 October 2088 for residential use, 27 October 2058 for commercial use | March 2019 |
| 125 | Pingdingshan Zhongliang Yingcheng THE ONE | Henan | 38,350.89 | R | 149,135.13 | 118,993.54 | 1,002 | 4 August 2087 for residential use, 4 August 2057 for commercial use | May 2018 |
| 126 | Puyang Zhongliang THE ONE | Henan | 59,450.30 | R | 181,702.15 | 147,424.50 | 994 | 18 January 2088 for residential use | June 2018 |
| 127 | Portions of Shangqiu Zhongliang Prosperity Garden | Henan | — | R, C | 253,155 | 191,407.58 | 1,902 | 7 January 2088 for residential use, 7 January 2058 for commercial use | August 2018 |
| 128 | Shangqiu Zhongliang THE ONE | Henan | 33,987.09 | R | 109,720.25 | 84,097.79 | 464 | 6 August 2088 for residential use | November 2018 |
| 129 | Portions of Xinyang Zhongliang Shenzhou THE ONE | Henan | — | R, C | 253,268.35 | 238,355.33 | 937 | 8 August 2087 for residential use, 8 August 2057 for commercial use | November 2017 |
| 130 | Changge Zhongliang Getian Park | Henan | 42,757.29 | R, C | 158,932.28 | 125,958.03 | 860 | 18 December 2088 for residential use, 18 December 2058 for commercial use | February 2019 |
| 131 | Xuchang Xidu Mansion | Henan | 62,670.00 | R, C | 220,201.40 | 171,042.60 | 1,368 | 20 June 2088 for residential use | September 2018 |
| 132 | Xuchang Zhongliang Weidu Mansion | Henan | 60,008.00 | R, C | 208,090.01 | 162,657.73 | 1,199 | 17 December 2087 for residential use | April 2018 |
| 133 | Xuchang Zhongliang Capital Park | Henan | 36,403.00 | R, C | 122,518.00 | 95,774.81 | 707 | 28 November 2087 for residential use | March 2018 |
| 134 | Yuzhou Zhongliang Yuzhou Mansion | Henan | 28,568.00 | R | 107,388.69 | 83,280.05 | 613 | 15 April 2088 for residential use | August 2018 |

| Estimated Completion Date | Estimated/Actual Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|---|---|---|---|---|--|---|--|
| | | | | | | | | — |
| March 2020 | May 2018 | 63,721.57 | 594,000,000 | 255,000,000 | 287,000,000 | 56.2% | 161,000,000 | — |
| March 2020 | June 2018 | 32,934.74 | 234,000,000 | 150,000,000 | 160,000,000 | 65.8% | 105,000,000 | — |
| February 2021 | June 2019 | — | 741,000,000 | 300,000,000 | 307,000,000 | 83.2% | 255,000,000 | — |
| July 2020 | July 2018 | 45,505.64 | 561,000,000 | 224,000,000 | 251,000,000 | 64.0% | 161,000,000 | — |
| September 2020 | June 2018 | 104,550.43 | 720,000,000 | 390,000,000 | 383,000,000 | 65.8% | 252,000,000 | — |
| March 2020 | September 2018 | 51,425.33 | 925,000,000 | 459,000,000 | 497,000,000 | 47.0% | 234,000,000 | — |
| October 2020 | January 2019 | 23,974.20 | 546,000,000 | 300,000,000 | 280,000,000 | 65.8% | 184,000,000 | — |
| April 2021 | April 2018 | 100,691.85 | 1,314,000,000 | 842,000,000 | 1,013,000,000 | 56.4% | 571,000,000 | — |
| January 2021 | February 2019 | — | 613,000,000 | 250,000,000 | 254,000,000 | 100.0% | 254,000,000 | — |
| January 2021 | November 2018 | 31,917.79 | 985,000,000 | 496,000,000 | 515,000,000 | 60.0% | 309,000,000 | — |
| May 2020 | June 2018 | 61,668.08 | 1,200,000,000 | 787,000,000 | 777,000,000 | 65.8% | 511,000,000 | — |
| May 2020 | June 2018 | 45,811.03 | 493,000,000 | 318,000,000 | 346,000,000 | 65.8% | 228,000,000 | — |
| September 2020 | September 2018 | 39,516.25 | 449,000,000 | 223,000,000 | 230,000,000 | 94.0% | 216,000,000 | — |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|--|---------------------------|----------------------|--------------|---------------------------------|-------------------------------|------------------|--|--------------------------------------|
| | | | | | | (excluding CPS) (sq.m.) | Number of CPS | | |
| 135 | Baoshan Zhongliang THE ONE | Yunnan | 44,394.00 | R, C, CPS | 146,949.00 | 109,808.88 | 828 | 8 March 2088 for residential use, 8 March 2058 for commercial use | June 2018 |
| 136 | Portions of Dali Zhongliang THE ONE | Yunnan | — | R | 217,773.33 | 148,512.85 | 1,097 | 22 May 2088 for residential use, 22 May 2058 for commercial use | October 2018 |
| 137 | Kunming Anning Zhongliang Majestic Mansion | Yunnan | 24,764.31 | R, C, CPS | 119,632.46 | 85,722.36 | 646 | 26 July 2087 for residential use, 26 July 2057 for commercial use | December 2017 |
| 138 | Kunming Anning Zhongliang Park City | Yunnan | 15,850.17 | R, C, CPS | 94,894.55 | 72,217.64 | 728 | 11 October 2087 for residential use, 11 October 2057 for commercial use | March 2018 |
| 139 | Kunming Zhongliang Capital Park | Yunnan | 36,353.50 | R, C, CPS | 259,384.20 | 165,915.33 | 1,888 | 5 December 2088 for residential use | September 2018 |
| 140 | Puer Zhongliang THE ONE | Yunnan | 32,772.00 | R, C, CPS | 66,791.10 | 52,099.05 | 378 | 6 July 2088 for residential use | November 2018 |
| 141 | Yuxi Zhongliang THE ONE | Yunnan | 117,612.17 | R, C, CPS | 195,094.40 | 138,553.84 | 1,221 | 5 December 2087 for residential use | March 2018 |
| 142 | Shaotong Zhongliang THE ONE - Lan Garden | Yunnan | 92,577.09 | R, C, CPS | 309,109.89 | 230,753.85 | 2,318 | 8 July 2088 for residential use, 8 July 2058 for commercial use | October 2018 |
| 143 | Shaotong Zhongliang THE ONE - Yu Garden | Yunnan | 20,966.56 | R, C, CPS | 70,056.87 | 52,278.73 | 524 | 8 July 2088 for residential use, 8 July 2058 for commercial use | January 2019 |
| 144 | Portions of Ezhou Zhongliang Kaisa THE ONE | Hubei | — | R, C | 196,891.95 | 126,819.86 | 1,158 | 12 September 2088 for residential use, 12 September 2058 for commercial use | October 2018 |
| 145 | Enshi Zhongliang Royal ONE | Hubei | 20,961.60 | R, C | 94,608.13 | 73,752.00 | 643 | 22 September 2089 for residential use | December 2018 |
| 146 | Enshi Zhongliang Top Town | Hubei | 26,096.20 | R, C, H | 104,349.84 | 84,659.31 | 681 | 4 January 2082 for residential use, 4 January 2052 for commercial use | April 2018 |
| 147 | Suizhou Zhongliang Joy Majestic Park | Hubei | 62,500.00 | R, C | 179,748.74 | 139,841.16 | 1,010 | 10 May 2088 for residential use, 10 May 2058 for commercial use | September 2018 |

| Completion Date | Estimated/Actual Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|-----------------|---|---|---|---|---|--|---|--|
| | | | | | | | | — |
| October 2019 | September 2018 | 47,513.59 | 665,000,000 | 389,000,000 | 424,000,000 | 70.0% | 297,000,000 | — |
| May 2020 | November 2018 | 42,613.38 | 1,868,000,000 | 1,421,000,000 | 1,674,000,000 | 73.0% | 1,222,000,000 | — |
| August 2019 | January 2018 | 84,357.25 | 575,000,000 | 402,000,000 | 441,000,000 | 95.8% | 422,000,000 | — |
| November 2019 | June 2018 | 65,255.23 | 346,000,000 | 202,000,000 | 264,000,000 | 65.8% | 174,000,000 | — |
| June 2020 | October 2018 | 54,106.92 | 1,325,000,000 | 761,000,000 | 1,102,000,000 | 33.6% | 370,000,000 | — |
| June 2020 | December 2018 | 12,948.44 | 582,000,000 | 380,000,000 | 357,000,000 | 100.0% | 357,000,000 | — |
| September 2019 | May 2018 | 133,829.68 | 989,000,000 | 736,000,000 | 887,000,000 | 100.0% | 887,000,000 | — |
| August 2020 | November 2018 | 15,661.30 | 1,574,000,000 | 946,000,000 | 958,000,000 | 100.0% | 958,000,000 | — |
| March 2021 | June 2019 | — | 360,000,000 | 190,000,000 | 210,000,000 | 100.0% | 210,000,000 | — |
| December 2021 | November 2018 | 43,525.14 | 995,000,000 | 559,000,000 | 564,000,000 | 65.0% | 367,000,000 | — |
| October 2020 | January 2019 | 15,908.87 | 318,000,000 | 103,000,000 | 124,000,000 | 41.2% | 51,000,000 | — |
| April 2020 | May 2018 | 73,434.11 | 428,000,000 | 294,000,000 | 369,000,000 | 65.8% | 243,000,000 | — |
| August 2020 | November 2018 | 57,655.52 | 730,000,000 | 378,000,000 | 390,000,000 | 57.6% | 225,000,000 | — |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|---|---------------------------|----------------------|--------|---------------------------------|-------------------------------|------------------|---|--------------------------------------|
| | | | | | | (excluding CPS) (sq.m.) | Number of CPS | | |
| 148 | Portions of Qianchuan Zhongliang Capital Park | Hubei | — | R, C | 98,049.25 | 75,365.00 | 848 | 30 November 2088 for residential use | March 2019 |
| 149 | Yicheng Zhongliang Capital Park | Hubei | 27,710.18 | R, C | 79,085.50 | 68,553.30 | 375 | 11 November 2087 for residential use | May 2018 |
| 150 | Changde Zhongliang Binjiang Capital Park | Hunan | 74,389.96 | R, C | 248,147.00 | 191,898.52 | 1,599 | 19 July 2088 for residential use, 19 July 2058 for commercial use | September 2018 |
| 151 | Hengyang Zhongliang THE ONE | Hunan | — | R, C | 114,444.78 | 97,940.41 | 896 | 30 August 2084 for residential use, 30 August 2054 for commercial use | June 2018 |
| 152 | Liuyang Zhongliang Glory Garden | Hunan | 32,374.12 | R, C | 114,301.51 | 90,544.53 | 604 | 11 June 2088 for residential use | October 2018 |
| 153 | Loudi Zhongliang Capital Park | Hunan | 12,906.16 | R, C | 58,046.24 | 48,897.95 | 266 | 31 May 2088 for residential use, 31 May 2058 for commercial use | November 2018 |
| 154 | Taojiang Zhongliang Capital Park | Hunan | 52,053.31 | R, C | 195,336.32 | 155,486.99 | 1,131 | 26 November 2088 for residential use, 26 November 2058 for commercial use | January 2019 |
| 155 | Portions of Yueyang Zhongliang Capital Park | Hunan | — | R, C | 91,605.40 | 63,421.88 | 793 | 25 March 2088 for residential use, 25 March 2058 for commercial use | October 2018 |
| 156 | Portions of Ningxiang Zhongliang Capital Park | Hunan | — | R | 158,308.56 | 129,980.97 | 802 | 29 June 2087 for residential use, 29 June 2057 for commercial use | November 2017 |
| 157 | Zhuzhou Zhongliang Jianning Sandal Garden | Hunan | — | R, C | 255,394.85 | 204,701.70 | 1,487 | 25 March 2088 for residential use, 25 March 2058 for commercial use | August 2018 |
| 158 | Chengdu Zhongliang THE ONE | Sichuan | 26,666.67 | R, CPS | 57,520.21 | 39,865.40 | 481 | 18 October 2088 for residential use | January 2019 |
| 159 | Portions of Dazhou Zhongliang Capital Park | Sichuan | — | R | 285,583.35 | 205,636.10 | 2,157 | 8 August 2087 for residential use, 8 August 2057 for commercial use | December 2017 |

| Estimated Completion Date | Actual/Pre-Sale Commencement Date | Total Saleable GFA (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|-----------------------------------|--|---|---|---|--|---|--|
| | | | | | | | | |
| January 2021 | August 2019 | — | 56,000,000 | 233,000,000 | 254,000,000 | 100.0% | 254,000,000 | — |
| January 2020 | July 2018 | 49,428.60 | 282,000,000 | 154,000,000 | 164,000,000 | 35.1% | 58,000,000 | — |
| January 2021 | November 2018 | 69,425.95 | 994,000,000 | 537,000,000 | 586,000,000 | 100.0% | 586,000,000 | — |
| April 2020 | June 2018 | 90,485.83 | 399,000,000 | 331,000,000 | 515,000,000 | 46.5% | 239,000,000 | — |
| June 2020 | October 2018 | 24,042.39 | 474,000,000 | 291,000,000 | 291,000,000 | 80.0% | 233,000,000 | — |
| March 2020 | December 2018 | 41,063.39 | 231,000,000 | 149,000,000 | 164,000,000 | 70.0% | 115,000,000 | — |
| May 2021 | June 2019 | — | 734,000,000 | 299,000,000 | 322,000,000 | 100.0% | 322,000,000 | — |
| October 2020 | November 2018 | 6,423.54 | 425,000,000 | 224,000,000 | 244,000,000 | 31.4% | 77,000,000 | — |
| July 2019 | November 2017 | 129,830.29 | 622,000,000 | 500,000,000 | 560,000,000 | 39.8% | 223,000,000 | — |
| December 2020 | August 2018 | 36,679.21 | 1,186,000,000 | 717,000,000 | 740,000,000 | 35.8% | 265,000,000 | — |
| January 2021 | April 2019 | — | 619,000,000 | 407,000,000 | 431,000,000 | 20.0% | 86,000,000 | — |
| December 2019 | December 2017 | 187,865.51 | 1,397,000,000 | 1,040,000,000 | 974,000,000 | 56.4% | 549,000,000 | — |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|--|---------------------------|----------------------|-------------------------------|---------------------------------|-----------------------|------------------|--|--------------------------------------|
| | | | | | | (excluding CPS) | Number of CPS | | |
| 160 | Meishan Zhongliang Elegance Court | Sichuan | 40,000.00 | R, C, Kindergarten, CPS | 131,952.64 | 98,867.91 | 714 | 9 April 2082 for residential use, 9 April 2052 for commercial use | June 2018 |
| 161 | Mianyang Zhongliang Glory Garden | Sichuan | 20,005.72 | R, C, CPS | 52,445.11 | 39,838.16 | 310 | 7 March 2088 for residential use, 7 March 2058 for commercial use | September 2018 |
| 162 | Mianyang Zhongliang THE ONE | Sichuan | 28,844.01 | R, C, CPS | 110,854.49 | 85,638.08 | 765 | 14 January 2088 for residential use, 14 January 2058 for commercial use | May 2018 |
| 163 | Nanchong Zhongliang THE ONE | Sichuan | 25,771.00 | R, C, CPS | 102,506.00 | 76,297.72 | 774 | 26 December 2087 for residential use, 26 December 2057 for commercial use | April 2018 |
| 164 | Guigang Zhongliang Capital Park | Guangxi | 66,696.99 | R, C, CPS | 288,633.84 | 228,388.49 | 2,308 | 27 August 2088 for residential use, 27 August 2058 for commercial use | January 2019 |
| 165 | Guigang Zhongliang Royal ONE | Guangxi | 21,793.99 | R, C, CPS | 85,082.85 | 65,176.21 | 653 | 20 November 2087 for residential use, 20 November 2057 for commercial use | March 2018 |
| 166 | Portions of Liuzhou Zhongliang Joy Capital Park | Guangxi | — | R, C, CPS | 45,037.00 | 35,198.51 | 334 | 16 November 2088 for residential use | February 2019 |
| 167 | Nanning Zhongliang Pine Mansion | Guangxi | 14,130.76 | C, O, H | 61,143.96 | 49,257.17 | 396 | 31 July 2058 for commercial use | October 2018 |
| 168 | Qinzhou Zhongliang Qinzhou Mansion | Guangxi | 43,550.81 | R, C, CPS | 181,172.50 | 147,509.01 | 640 | 27 August 2088 for residential use, 27 August 2058 for commercial use | November 2018 |
| 169 | Bijie Zhongliang Royal Park | Guizhou | 23,089.16 | R, C | 61,472.87 | 46,058.59 | 416 | 31 July 2088 for residential use, 31 July 2058 for commercial use | February 2019 |

| Estimated Completion Date | Estimated/Actual Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|---|---|---|---|---|--|---|--|
| | | | | | | | | — |
| December 2019 | July 2018 | 29,642.00 | 438,000,000 | 246,000,000 | 397,000,000 | 51.2% | 203,000,000 | — |
| April 2020 | November 2018 | 21,580.93 | 199,000,000 | 110,000,000 | 123,000,000 | 67.0% | 82,000,000 | — |
| January 2020 | July 2018 | 78,319.85 | 588,000,000 | 456,000,000 | 516,000,000 | 65.8% | 340,000,000 | — |
| December 2019 | July 2018 | 67,514.50 | 587,000,000 | 397,000,000 | 453,000,000 | 65.8% | 298,000,000 | — |
| January 2021 | January 2019 | 59,321.91 | 1,157,000,000 | 537,000,000 | 547,000,000 | 37.2% | 203,000,000 | — |
| October 2019 | April 2018 | 58,549.20 | 298,000,000 | 228,000,000 | 330,000,000 | 46.1% | 152,000,000 | — |
| June 2020 | March 2019 | 21,819.55 | 264,000,000 | 203,000,000 | 227,000,000 | 100.0% | 227,000,000 | — |
| November 2020 | December 2018 | 9,499.76 | 370,000,000 | 223,000,000 | 232,000,000 | 100.0% | 232,000,000 | — |
| November 2020 | December 2018 | — | 643,000,000 | 291,000,000 | 375,000,000 | 34.8% | 131,000,000 | — |
| April 2020 | March 2019 | — | 248,000,000 | 97,000,000 | 85,000,000 | 100.0% | 85,000,000 | — |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|---|---------------------------|----------------------|--------------|---------------------------------|-------------------------------|------------------|---|--------------------------------------|
| | | | | | | (excluding CPS) (sq.m.) | Number of CPS | | |
| 170 | Ankang Zhongliang Royal Villa Garden | Shaanxi | 39,715.73 | R, C | 108,875.80 | 82,897.42 | 545 | 30 April 2088 for residential use, 30 April 2058 for commercial use | August 2018 |
| 171 | Tongchuan Zhongliang THE ONE | Shaanxi | 74,930.00 | R, C | 205,649.72 | 160,221.03 | 1,417 | 19 July 2088 for residential use | October 2018 |
| 172 | Yulin Taifaxiang Zhongliang Capital Park Phase I | Shaanxi | 47,383.40 | R | 141,198.29 | 104,458.90 | 887 | 26 January 2088 for residential use | December 2018 |
| 173 | Yulin Taifaxiang Zhongliang Capital Park Phase II | Shaanxi | 22,690.53 | R | 67,683.84 | 51,360.10 | 374 | 26 January 2088 for residential use | January 2019 |
| 174 | Linfen Zhongliang Capital Park | Shanxi | 51,363.20 | R | 181,994.63 | 137,813.54 | 885 | 29 April 2088 for residential use | October 2018 |
| 175 | Pingliang Zhongliang Capital Park | Gansu | 20,651.80 | R, C | 73,849.64 | 55,459.57 | 426 | 3 April 2088 for residential use, 3 April 2058 for commercial use | August 2018 |
| 176 | Qinan Zhongliang THE ONE | Gansu | 31,063.70 | R, C | 123,687.75 | 109,577.99 | 402 | 16 November 2088 for residential use | January 2019 |
| 177 | Portions of Baotou Zhongliang Capital THE ONE | Inner Mongolia | — | R, C | 286,312.50 | 263,831.21 | — | 10 July 2088 for residential use, 10 July 2058 for commercial use | August 2018 |
| 178 | Hohhot Zhongliang Capital Park | Inner Mongolia | 42,318.69 | R, C | 110,829.60 | 83,608.96 | 669 | 12 August 2088 for residential use, 12 August 2058 for commercial use | September 2018 |
| 179 | Chongqing Zhongliang Joy Plaza | Chongqing | 20,849.00 | C, O, CPS | 113,761.23 | 85,090.56 | 784 | 3 September 2057 for commercial use | July 2018 |
| 180 | Yinchuan Zhongliang Glory Garden | Ningxia | 75,160.81 | R, C, CPS | 166,731.50 | 126,831.84 | 980 | 5 February 2088 for residential use, 5 February 2058 for commercial use | March 2018 |

| Estimated/Actual Completion Date | Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|-------------------------------------|-------------------------------|---|---|---|---|---|---|--|
| | | | | | | | | — |
| August 2020 | October 2018 | 41,189.56 | 543,000,000 | 303,000,000 | 303,000,000 | 94.0% | 285,000,000 | — |
| May 2020 | November 2018 | 17,379.93 | 884,000,000 | 398,000,000 | 399,000,000 | 65.8% | 263,000,000 | — |
| November 2020 | June 2019 | — | 776,000,000 | 435,000,000 | 439,000,000 | 97.4% | 428,000,000 | — |
| March 2021 | December 2019 | — | 374,000,000 | 203,000,000 | 204,000,000 | 67.6% | 138,000,000 | — |
| March 2021 | December 2018 | 45,536.94 | 623,000,000 | 210,000,000 | 274,000,000 | 65.8% | 180,000,000 | — |
| June 2020 | September 2018 | 17,162.49 | 361,000,000 | 207,000,000 | 208,000,000 | 65.8% | 137,000,000 | — |
| January 2021 | March 2019 | — | 529,000,000 | 232,000,000 | 266,000,000 | 100.0% | 266,000,000 | — |
| October 2020 | September 2018 | 125,954.56 | 1,304,000,000 | 656,000,000 | 716,000,000 | 33.3% | 238,000,000 | — |
| October 2020 | December 2018 | — | 677,000,000 | 397,000,000 | 401,000,000 | 70.3% | 282,000,000 | — |
| May 2020 | November 2018 | 18,333.86 | 662,000,000 | 443,000,000 | 746,000,000 | 56.0% | 418,000,000 | — |
| June 2020 | June 2018 | 80,143.36 | 721,000,000 | 504,000,000 | 574,000,000 | 100.0% | 574,000,000 | — |

| Property No. | Property Name | Province/Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|---------------------------------------|-----------------------|-------------------|-----------------------|---------------------------|--------------------|---------------|--|--------------------------------|
| | | | | | | (excluding CPS) | Number of CPS | | |
| 181 | Binzhou Zhongliang Top Town | Shandong | 43,333.00 | R, CPS | 83,187.59 | 68,876.76 | 456 | 9 October 2087 for residential use | August 2018 |
| 182 | Dezhou Zhongliang Jinling Mansion | Shandong | 34,696.76 | R, C | 101,142.88 | 78,499.48 | 488 | 14 September 2087 for residential use, 14 September 2057 for commercial use | July 2018 |
| 183 | Jining Zhongliang THE ONE | Shandong | 49,622.00 | R, C | 127,861.75 | 94,649.14 | 794 | 29 September 2088 for residential use | January 2019 |
| 184 | Laiwu Zhongliang Luzhong Capital Park | Shandong | — | R, C | 337,861.11 | 280,476.13 | 1,975 | 20 June 2088 for residential use, 20 June 2058 for commercial use | October 2018 |
| 185 | Liaocheng Zhongliang Royal Park | Shandong | 49,941.00 | R, C | 108,214.00 | 78,833.01 | 773 | 18 June 2088 for residential use | December 2018 |
| 186 | Linyi Zhongliang THE ONE | Shandong | 63,866.00 | R, C, O, CPS, Storage | 145,684.98 | 104,248.21 | 785 | 24 September 2087 for residential use, 24 September 2058 for commercial use | March 2018 |
| 187 | Taian Zhongliang Shanti Mansion | Shandong | 17,781.00 | R | 45,727.98 | 31,218.32 | 306 | 1 November 2087 for residential use | March 2018 |
| 188 | Laiyang Long Park | Shandong | 35,149.00 | R, C | 98,527.80 | 76,757.80 | 612 | 14 May 2083 for residential use, 14 May 2053 for commercial use | January 2019 |
| 189 | Yantai Zhongliang Seaside Mansion | Shandong | 60,665.56 | R, C | 204,730.00 | 155,041.27 | 1,389 | 27 October 2080 for residential use, 27 October 2050 for commercial use, 27 October 2060 for science and educational use and public facility use | March 2018 |
| 190 | Zaozhuang Zhongliang Capital Park | Shandong | 71,364.00 | R | 169,012.29 | 125,620.80 | 1,227 | 20 March 2088 for residential use, 20 March 2058 for commercial use | November 2018 |

| Estimated Completion Date | Actual/Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|-----------------------------------|---|---|---|---|--|---|--|
| | | | | | | | | — |
| May 2020 | August 2018 | 66,733.36 | 432,000,000 | 311,000,000 | 342,000,000 | 31.5% | 108,000,000 | — |
| October 2020 | September 2018 | 33,428.93 | 608,000,000 | 420,000,000 | 404,000,000 | 65.8% | 266,000,000 | — |
| May 2021 | March 2019 | — | 513,000,000 | 173,000,000 | 180,000,000 | 94.0% | 169,000,000 | — |
| January 2021 | December 2018 | 41,925.34 | 1,767,000,000 | 917,000,000 | 939,000,000 | 22.6% | 212,000,000 | — |
| May 2020 | December 2018 | 1,565.89 | 755,000,000 | 449,000,000 | 466,000,000 | 70.0% | 326,000,000 | — |
| December 2019 | June 2018 | 75,570.05 | 899,000,000 | 644,000,000 | 672,000,000 | 30.0% | 202,000,000 | — |
| December 2019 | April 2018 | 30,182.75 | 185,000,000 | 160,000,000 | 186,000,000 | 43.1% | 80,000,000 | — |
| January 2021 | January 2019 | — | 331,000,000 | 132,000,000 | 178,000,000 | 45.5% | 81,000,000 | — |
| November 2019 | April 2018 | 142,843.22 | 676,000,000 | 415,000,000 | 535,000,000 | 45.7% | 245,000,000 | — |
| September 2020 | December 2018 | 36,337.04 | 706,000,000 | 385,000,000 | 386,000,000 | 56.4% | 218,000,000 | — |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA (excluding CPS) (sq.m.) | Number of CPS | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|---|---------------------------|----------------------|--------------|---------------------------------|--|------------------|--|--------------------------------------|
| | | | | | | | | | |
| 191 | Zibo Zhongliang Capital Garden | Shandong | 22,569.00 | R, C | 34,291.33 | 26,649.73 | 215 | 12 August 2087 for residential use | December 2017 |
| 192 | Zibo Zhongliang THE ONE | Shandong | 53,815.00 | R | 78,475.56 | 63,540.99 | 398 | 30 July 2088 for residential use | September 2018 |
| 193 | Zichuan Zhongliang Capital ONE | Shandong | 59,014.00 | R, C | 139,916.60 | 110,731.17 | 619 | 12 July 2087 for residential use | November 2018 |
| 194 | Zhongliang Yanshan THE ONE | Hebei | 69,527.00 | R, C | 173,305.54 | 133,919.32 | 1,000 | 25 July 2088 for residential use, 25 July 2058 for commercial use | November 2018 |
| 195 | Shenyang Zhongliang Capital Park | Liaoning | 17,453.69 | R | 38,442.80 | 29,258.73 | 194 | 11 March 2089 for residential use | March 2019 |
| 196 | Ganzhou Zhongliang Dragon Mansion | Jiangxi | 55,163.00 | R, C, CPS | 155,514.71 | 120,827.16 | 1,214 | 7 May 2087 for residential use, 7 May 2057 for commercial use | September 2017 |
| 197 | Ganzhou Zhongliang Nanan Mansion | Jiangxi | 25,238.00 | R, C | 82,495.52 | 62,729.88 | 567 | 18 January 2087 for residential use, 18 January 2057 for commercial use | April 2017 |
| 198 | Ganzhou Zhongliang Nanshan Garden | Jiangxi | 43,569.00 | R, C | 133,008.55 | 106,134.49 | 874 | 3 June 2087 for residential use, 3 June 2057 for commercial use | July 2017 |
| 199 | Huichang Zhongliang THE ONE | Jiangxi | 44,907.75 | R, C, CPS | 100,036.00 | 80,264.67 | 560 | 27 June 2088 for residential use | November 2018 |
| 200 | Ningdu Zhongliang Jiangdu Mansion | Jiangxi | 45,612.31 | R, C, CPS | 88,017.53 | 67,993.58 | 566 | 19 September 2087 for residential use, 19 September 2057 for commercial use | December 2017 |
| 201 | Portions of Ruijin Zhongliang Fortune Garden | Jiangxi | — | R, CPS | 161,632.00 | 126,468.41 | 1,174 | 27 July 2087 for residential use, 27 July 2057 for commercial use | September 2017 |
| 202 | Ruijin Zhongliang Fortune Garden | Jiangxi | 34,569.00 | R, C, CPS | 80,763.47 | 61,472.51 | 418 | 7 August 2088 for residential use, 7 August 2058 for commercial use | August 2018 |
| 203 | Xingguo Zhongliang Golden Centre | Jiangxi | 10,522.30 | R, C | 37,912.99 | 29,085.50 | 252 | 23 July 2087 for residential use, 23 July 2057 for commercial use | December 2017 |

| Estimated Completion Date | Actual/Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|-----------------------------------|---|---|---|---|--|---|--|
| | | | | | | | | — |
| June 2019 | April 2018 | 26,198.43 | 231,000,000 | 187,000,000 | 197,000,000 | 54.5% | 107,000,000 | — |
| December 2020 | December 2018 | 5,870.51 | 446,000,000 | 295,000,000 | 310,000,000 | 85.0% | 264,000,000 | — |
| November 2020 | December 2018 | 71,279.89 | 539,000,000 | 230,000,000 | 274,000,000 | 31.7% | 87,000,000 | — |
| December 2020 | February 2019 | — | 932,000,000 | 448,000,000 | 448,000,000 | 64.8% | 290,000,000 | — |
| August 2021 | June 2019 | — | 299,000,000 | 152,000,000 | 158,000,000 | 80.0% | 126,000,000 | — |
| April 2020 | November 2017 | 114,728.14 | 811,000,000 | 739,000,000 | 740,000,000 | 61.0% | 451,000,000 | — |
| May 2019 | June 2017 | 61,027.90 | 492,000,000 | 465,000,000 | 563,000,000 | 58.3% | 328,000,000 | — |
| December 2019 | September 2017 | 92,296.34 | 940,000,000 | 833,000,000 | 883,000,000 | 58.3% | 515,000,000 | — |
| September 2020 | December 2018 | 9,564.14 | 465,000,000 | 269,000,000 | 335,000,000 | 100.0% | 335,000,000 | — |
| October 2019 | January 2018 | 51,441.24 | 389,000,000 | 305,000,000 | 362,000,000 | 55.8% | 202,000,000 | — |
| August 2019 | November 2017 | 126,468.41 | 681,000,000 | 537,000,000 | 607,000,000 | 61.8% | 375,000,000 | — |
| June 2020 | September 2018 | 26,423.94 | 443,000,000 | 321,000,000 | 342,000,000 | 100.0% | 342,000,000 | — |
| September 2019 | December 2017 | 28,106.22 | 183,000,000 | 127,000,000 | 139,000,000 | 47.0% | 65,000,000 | — |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|--|---------------------------|----------------------|--------------|---------------------------------|-------------------------------|------------------|--|--------------------------------------|
| | | | | | | (excluding CPS) (sq.m.) | Number of CPS | | |
| 204 | Xingguo Zhongliang Royal Park | Jiangxi | 20,439.78 | R, C, CPS | 62,620.87 | 48,875.85 | 336 | 10 December 2087 for residential use, 10 December 2057 for commercial use | May 2018 |
| 205 | Yudu Zhongliang Gongjiang THE ONE | Jiangxi | 51,191.36 | R, C | 146,040.12 | 111,928.76 | 1,118 | 31 July 2087 for residential use, 31 July 2057 for commercial use | November 2017 |
| 206 | Zhongliang Ningdu THE ONE (D2) | Jiangxi | 9,856.77 | R, C, CPS | 18,824.72 | 14,509.53 | 96 | 8 May 2088 for residential use, 8 May 2058 for commercial use | November 2018 |
| 207 | Zhongliang Ningdu THE ONE (D3) | Jiangxi | 18,747.20 | R, C, CPS | 37,869.79 | 29,605.44 | 193 | 25 April 2088 for residential use | July 2018 |
| 208 | Zhongliang Ningdu THE ONE (D4, D5) | Jiangxi | 45,202.76 | R, C | 119,788.94 | 96,045.78 | 645 | 25 April 2088 for residential use | August 2018 |
| 209 | Anfu Zhongliang Capital Park | Jiangxi | 50,709.43 | R, C | 151,372.94 | 118,511.50 | 868 | 23 November 2087 for residential and commercial use | December 2017 |
| 210 | Jingdezhen Zhongliang Capital Park | Jiangxi | 76,730.97 | R, C | 217,921.53 | 167,371.73 | 1,205 | 26 June 2087 for residential use | December 2017 |
| 211 | Jiujiang Zhongliang Capital Park | Jiangxi | 78,179.27 | R, C | 248,114.13 | 193,919.06 | 1,573 | 14 March 2087 for residential use, 14 March 2057 for commercial use | September 2017 |
| 212 | Yongxiu Zhongliang Capital Park | Jiangxi | 39,999.34 | R, C | 104,408.21 | 79,099.12 | 572 | 6 December 2057 for commercial use, 6 December 2087 for residential use | February 2018 |
| 213 | Guangfeng Huaxi Zhongliang Royal Park | Jiangxi | 35,270.00 | R, C | 119,957.43 | 94,522.33 | 814 | 17 April 2088 for residential use, 17 April 2058 for commercial use | July 2018 |
| 214 | Guangfeng Zhongliang Glory Elegence Court | Jiangxi | 19,133.00 | R, C | 60,516.50 | 47,421.90 | 341 | 22 August 2088 for residential use, 22 August 2058 for commercial use | September 2018 |

| Estimated Completion Date | Estimated/Actual Pre-Sale Commencement Date | Total Saleable | | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|---|--------------------------------------|---|---|---|--|---|--|
| | | GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | | | | | |
| May 2020 | June 2018 | 38,137.44 | 311,000,000 | 214,000,000 | 264,000,000 | 100.0% | 264,000,000 | — |
| October 2019 | January 2018 | 108,970.61 | 756,000,000 | 626,000,000 | 672,000,000 | 46.9% | 315,000,000 | — |
| December 2020 | January 2019 | 1,738.15 | 93,000,000 | 58,000,000 | 61,000,000 | 100.0% | 61,000,000 | — |
| December 2019 | July 2018 | 21,454.62 | 183,000,000 | 120,000,000 | 126,000,000 | 100.0% | 126,000,000 | — |
| March 2020 | August 2018 | 35,469.43 | 590,000,000 | 371,000,000 | 389,000,000 | 100.0% | 389,000,000 | — |
| October 2019 | March 2018 | 106,061.15 | 687,000,000 | 455,000,000 | 458,000,000 | 53.6% | 246,000,000 | — |
| May 2019 | December 2017 | 166,134.20 | 1,023,000,000 | 899,000,000 | 946,000,000 | 91.0% | 861,000,000 | — |
| June 2019 | September 2017 | 188,824.90 | 1,252,000,000 | 1,246,000,000 | 1,570,000,000 | 52.3% | 822,000,000 | — |
| August 2019 | April 2018 | 59,862.25 | 527,000,000 | 434,000,000 | 460,000,000 | 65.8% | 303,000,000 | — |
| June 2020 | September 2018 | 38,462.60 | 445,000,000 | 255,000,000 | 328,000,000 | 59.2% | 194,000,000 | — |
| August 2020 | September 2018 | 18,118.13 | 292,000,000 | 183,000,000 | 183,000,000 | 94.0% | 172,000,000 | — |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|--|---------------------------|----------------------|--------------|---------------------------------|-------------------------------|------------------|--|--------------------------------------|
| | | | | | | (excluding CPS) (sq.m.) | Number of CPS | | |
| 215 | Guangfeng Zhongliang Golden Royal Mansion | Jiangxi | 17,838.00 | R, C | 56,729.21 | 44,186.16 | 384 | 12 November 2088 for residential use, 12 November 2058 for commercial use | November 2018 |
| 216 | Guangfeng Zhongliang Royal ONE | Jiangxi | 35,336.00 | R, C | 91,825.67 | 73,508.79 | 520 | 20 May 2088 for residential use, 20 May 2058 for commercial use | July 2018 |
| 217 | Yushan Huayun Zhongliang Capital Park | Jiangxi | 32,415.28 | R, C | 113,812.51 | 89,925.16 | 679 | 16 August 2088 for residential use, 16 August 2058 for commercial use | November 2018 |
| 218 | Wuping Zhongliang Capital Park Phase A | Fujian | 9,700.00 | R, C | 28,438.00 | 20,746.60 | 155 | 27 August 2088 for residential use | September 2018 |
| 219 | Wuping Zhongliang Capital Park Phase C | Fujian | 33,140.70 | R | 47,189.68 | 39,176.37 | 142 | 27 August 2088 for residential use | September 2018 |
| 220 | Portions of Fuding Zhongliang Joy Plaza | Fujian | — | R, C | 309,670.71 | 267,947.13 | 2,420 | 27 March 2087 for residential use | April 2018 |
| 221 | Xiapu Zhongliang THE ONE | Fujian | 66,875.04 | R, C | 200,886.60 | 152,295.43 | 1,184 | 31 August 2087 for residential use, 31 August 2057 for commercial use | September 2017 |
| 222 | Zhangzhou Longhai Zhongliang Top Town | Fujian | 36,999.00 | R, C, CPS | 117,360.13 | 85,573.76 | 658 | 20 June 2088 for residential use, 20 June 2058 for commercial use | October 2018 |
| 223 | Zhangzhou Yunxiao Zhongliang Capital Park | Fujian | 26,606.98 | R, C, CPS | 90,619.00 | 67,524.24 | 673 | 15 March 2088 for residential use, 15 March 2058 for commercial use | June 2018 |
| 224 | Fuzhou Zhongliang Capital Park | Jiangxi | 43,109.40 | R, C | 120,034.00 | 93,991.18 | 815 | 30 May 2087 for residential use, 30 May 2057 for commercial use | November 2017 |
| 225 | Taihe Zhongliang Capital Park | Jiangxi | 66,670.00 | R, C | 179,910.90 | 145,358.76 | 1,222 | 7 March 2086 for residential use, 7 March 2056 for commercial use | September 2017 |

| Estimated Completion Date | Estimated/Actual Pre-Sale Commencement Date | Total Saleable | | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|---|--------------------------------------|---|---|---|--|---|--|
| | | GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | | | | | |
| October 2020 | December 2018 | 5,463.78 | 203,000,000 | 115,000,000 | 121,000,000 | 100.0% | 121,000,000 | — |
| March 2020 | July 2018 | 51,835.54 | 429,000,000 | 294,000,000 | 297,000,000 | 38.5% | 114,000,000 | — |
| November 2020 | December 2018 | 23,956.96 | 427,000,000 | 239,000,000 | 322,000,000 | 26.1% | 84,000,000 | — |
| January 2020 | November 2018 | 11,487.72 | 153,000,000 | 119,000,000 | 110,000,000 | 100.0% | 110,000,000 | — |
| August 2019 | November 2018 | 5,626.47 | 267,000,000 | 193,000,000 | 223,000,000 | 100.0% | 223,000,000 | — |
| August 2021 | June 2018 | 89,405.54 | 1,389,000,000 | 597,000,000 | 734,000,000 | 80.0% | 587,000,000 | — |
| June 2020 | November 2017 | 90,695.49 | 1,174,000,000 | 843,000,000 | 861,000,000 | 56.4% | 486,000,000 | — |
| September 2020 | December 2018 | 10,168.40 | 1,284,000,000 | 992,000,000 | 995,000,000 | 70.0% | 697,000,000 | — |
| December 2019 | August 2018 | 52,432.54 | 505,000,000 | 427,000,000 | 479,000,000 | 65.8% | 315,000,000 | — |
| June 2019 | November 2017 | 93,272.98 | 680,000,000 | 597,000,000 | 704,000,000 | 51.7% | 364,000,000 | — |
| April 2019 | October 2017 | 141,962.30 | 667,000,000 | 444,000,000 | 594,000,000 | 39.4% | 234,000,000 | — |

| Property No. | Property Name | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Construction Commencement Date |
|--------------|--|---------------------------|----------------------|--------------|---------------------------------|-------------------------------|------------------|--|--------------------------------------|
| | | | | | | (excluding CPS) (sq.m.) | Number of CPS | | |
| 226 | Shangrao Zhongliang Skyreach Capital Park | Jiangxi | 63,064.00 | R, C | 242,586.00 | 188,207.94 | 1,692 | 6 December 2087 for residential use | January 2018 |
| 227 | Chaoan Zhongliang THE ONE | Guangdong | 29,343.76 | R, C, CPS | 146,096.14 | 115,941.58 | 845 | 20 September 2088 for residential use | December 2018 |
| 228 | Fengxi Zhongliang Capital Park | Guangdong | 10,183.37 | R, C, CPS | 52,005.60 | 40,431.98 | 225 | 2 September 2088 for residential use | January 2019 |
| 229 | Gaoming Zhongliang Capital Park | Guangdong | 42,159.76 | R, CPS | 114,469.62 | 92,507.66 | 561 | 6 May 2088 for residential use, 6 May 2058 for commercial use | August 2018 |
| 230 | Heyuan Zhongliang Capital Park | Guangdong | 25,300.50 | R, C, CPS | 94,480.13 | 75,266.10 | 546 | 9 August 2086 for residential use, 9 August 2056 for commercial use | November 2018 |
| 231 | Jinagmen Zhongliang Xuhui THE ONE | Guangdong | 60,485.04 | R, C, CPS | 215,579.20 | 164,287.73 | 1,368 | 2 June 2088 for residential use, 2 June 2058 for commercial use | August 2018 |
| 232 | Gaozhou Zhongliang Royal One | Guangdong | 37,504.20 | R, C, CPS | 168,927.16 | 129,521.43 | 872 | 15 June 2088 for residential use, 15 June 2058 for commercial use | October 2018 |
| 233 | Wengyuan Zhongliang Royal ONE | Guangdong | 36,620.21 | R | 97,082.65 | 80,013.02 | 526 | 25 June 2088 for residential use | July 2018 |
| 234 | Zhaoqing Zhongliang Duanzhou THE ONE | Guangdong | 60,637.00 | R, C, CPS | 188,882.05 | 152,030.10 | 1,056 | 14 March 2089 for residential use, 14 March 2069 for educational use | December 2018 |

| Estimated Completion Date | Actual/Pre-Sale Commencement Date | Total Saleable GFA (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|-----------------------------------|--|---|---|---|--|---|--|
| | | | | | | | | |
| April 2020 | February 2018 | 117,172.96 | 711,000,000 | 311,000,000 | 460,000,000 | 29.0% | 133,000,000 | — |
| April 2021 | December 2018 | 11,288.57 | 521,000,000 | 204,000,000 | 204,000,000 | 36.6% | 75,000,000 | — |
| July 2020 | April 2019 | — | 232,000,000 | 102,000,000 | 103,000,000 | 36.6% | 38,000,000 | — |
| February 2020 | December 2018 | 1,808.78 | 716,000,000 | 451,000,000 | 494,000,000 | 94.0% | 464,000,000 | — |
| August 2020 | April 2019 | — | 411,000,000 | 143,000,000 | 320,000,000 | 100.0% | 320,000,000 | — |
| February 2021 | November 2018 | 4,743.01 | 1,851,000,000 | 1,524,000,000 | 1,696,000,000 | 56.4% | 957,000,000 | — |
| October 2020 | December 2018 | 9,006.27 | 965,000,000 | 618,000,000 | 653,000,000 | 100.0% | 653,000,000 | — |
| December 2020 | August 2018 | 33,786.13 | 482,000,000 | 306,000,000 | 342,000,000 | 62.0% | 212,000,000 | — |
| November 2020 | December 2018 | — | 1,587,000,000 | 1,155,000,000 | 764,000,000 | 100.0% | 764,000,000 | — |

Notes:

1. As advised by the Group, portions of the properties with a total gross floor area of approximately 11,998,179.33 sq.m. have been pre-sold to various third parties at a total consideration of RMB111,193,346,284. Such portions of the properties 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 values of the properties, we have taken into account the contracted prices of such portions. As advised by the Group, a total amount of the aforesaid pre-sale consideration of RMB4,762,317,771 has been recognized as revenue as at the valuation date.
2. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. The Group is legally and validly in possession of the land use rights with respect to the properties held under development. The Group has the rights to occupy and use the land of the properties except the land parcels which are subject to mortgages, but the transfer of these mortgaged properties are subject to the mortgages until the mortgages have been released;
 - b. The Group has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. The Group has the rights to legally pre-sell portions of the properties according to the obtained Pre-sale Permits.

Group III — Properties held for future development by the Group in the PRC

| Property No. | Name of Property | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Estimated Construction Commencement Date |
|--------------|--|---------------------------|----------------------|-----------|---------------------------------|-----------------------|------------------|---|---|
| | | | | | | (excluding CPS) | Number of CPS | | |
| | | | | | 3,773,486.99 | | | | |
| 235 | A parcel of land of Yuhuan No. 33102104966 | Zhejiang | 70,000.00 | R | 134,900.00 | — | — | 27 February 2089 for residential use | May 2019 |
| 236 | A parcel of land of Yiwu Zhongliang Royal Park | Zhejiang | 24,423.95 | R, C | 70,594.34 | — | — | 13 November 2089 for residential use, 17 March 2059 for commercial use | June 2019 |
| 237 | Reserved land of Changzhou Zhongliang Capital ONE | Jiangsu | 36,675.40 | C | 95,187.31 | — | — | 27 May 2083 for residential use, 27 May 2053 for commercial use | December 2019 |
| 238 | Reserved land of Changzhou Zhongliang Joy Plaza | Jiangsu | 27,494.85 | R, C | 64,081.73 | — | — | 12 December 2088 for residential use, 12 December 2058 for commercial use | May 2019 |
| 239 | A parcel of land of Changshu Zhongliang Longjingge | Jiangsu | 57,647.00 | R | 159,207.55 | — | — | 10 April 2089 for residential use | May 2019 |
| 240 | A parcel of land of Suqian Zhongliang Captial Park | Jiangsu | 87,030.00 | R | 296,203.77 | — | — | 24 January 2089 for residential use | April 2019 |
| 241 | A parcel of land of Yancheng Zhoangliang Tongda Royal Park | Jiangsu | 65,835.00 | R, CPS | 229,074.50 | — | — | 6 May 2088 for residential use | May 2019 |
| 242 | Reserved land of Mengcheng Zhongliang Top Terrace | Anhui | 56,959.37 | R | 165,725.10 | — | — | 9 August 2088 for residential use | June 2019 |
| 243 | A parcel of land of Liu'an Zhongliang Wangjingtai | Anhui | 58,177.00 | R | 146,782.73 | — | — | 1 March 2089 for residential use | April 2019 |
| 244 | A parcel of land of Luoyang Zhongliang THE ONE | Henan | 49,923.87 | R, C, CPS | 133,290.24 | — | — | 13 November 2088 for residential use, 13 November 2058 for commercial use | April 2019 |

| Estimated Completion Date | Estimated/Actual Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|---|---|---|---|---|--|---|--|
| | | | | | 9,140,000,000 | | 6,466,000,000 | |
| — | — | — | — | — | 526,000,000 | 100.0% | 526,000,000 | — |
| — | — | — | — | — | 234,000,000 | 100.0% | 234,000,000 | — |
| — | — | — | — | — | 393,000,000 | 37.5% | 147,000,000 | — |
| — | — | — | — | — | 136,000,000 | 100.0% | 136,000,000 | — |
| — | — | — | — | — | 1,009,000,000 | 30.0% | 303,000,000 | — |
| — | — | — | — | — | 552,000,000 | 50.8% | 280,000,000 | — |
| — | — | — | — | — | 522,000,000 | 94.0% | 491,000,000 | — |
| — | — | — | — | — | 259,000,000 | 62.5% | 162,000,000 | — |
| — | — | — | — | — | 170,000,000 | 60.0% | 102,000,000 | — |
| — | — | — | — | — | 547,000,000 | 65.0% | 356,000,000 | — |

| Property No. | Name of Property | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Estimated Construction Commencement Date |
|--------------|---|---------------------------|----------------------|-----------------|---------------------------------|-----------------------|------------------|--|---|
| | | | | | | (excluding CPS) | Number of CPS | | |
| 245 | A parcel of land of Nanyang Zhongliang Capital Park Phase I | Henan | 19,428.40 | R | 51,591.97 | — | — | 25 August 2088 for residential use, 25 August 2058 for commercial use | April 2019 |
| 246 | Reserved land of Shangqiu Zhongliang Prosperity Garden | Henan | 13,463.47 | R, C | 75,099.00 | — | — | 7 January 2088 for residential use, 7 January 2058 for commercial use | July 2019 |
| 247 | Reserved land of Xinyang Zhongliang Shenzhou THE ONE | Henan | — | R, Education | 50,124.53 | — | — | 8 August 2087 for residential use, 8 August 2057 for commercial use | May 2019 |
| 248 | A parcel of land of Zhengzhou Zhongliang Capital ONE | Henan | 39,180.49 | R, C, CPS | 124,202.14 | — | — | 9 December 2088 for residential use | May 2019 |
| 249 | Reserved land of Dali Zhongliang THE ONE | Yunnan | 19,313.33 | C, H | 35,869.00 | — | — | 22 May 2088 for residential use, 22 May 2058 for commercial use | May 2019 |
| 250 | Reserved land of Ezhou Zhongliang Kaisa THE ONE | Hubei | 41,862.00 | R | 155,086.05 | — | — | 12 September 2088 for residential use, 12 September 2058 for commercial use | April 2019 |
| 251 | Reserved land of Qianchuan Zhongliang Capital Park | Hubei | — | R, C | 84,450.75 | — | — | 30 November 2088 for residential use | June 2019 |
| 252 | A parcel of land of Xiangyang Zhongliang THE ONE | Hubei | 78,195.90 | R, C, CPS | 244,570.50 | — | — | 16 March 2084 for residential use, 16 March 2054 for commercial use | April 2019 |
| 253 | Reserved land of Yueyang Zhongliang Capital Park | Hunan | — | R, C | 23,176.02 | — | — | 25 March 2088 for residential use, 25 March 2058 for commercial use | May 2019 |
| 254 | A parcel of land of Changsha Zhongliang Yunlu Legend | Hunan | 64,566.19 | R, C, CPS | 197,383.82 | — | — | 28 August 2088 for residential use | April 2019 |

| Estimated Completion Date | Estimated/Actual Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|---|---|---|---|---|--|---|--|
| — | — | — | — | — | 120,000,000 | 50.0% | 60,000,000 | — |
| — | — | — | — | — | 97,000,000 | 47.0% | 46,000,000 | — |
| — | — | — | — | — | 36,000,000 | 56.4% | 20,000,000 | — |
| — | — | — | — | — | 194,000,000 | 70.0% | 136,000,000 | — |
| — | — | — | — | — | 234,000,000 | 73.0% | 171,000,000 | — |
| — | — | — | — | — | 380,000,000 | 65.0% | 247,000,000 | — |
| — | — | — | — | — | 182,000,000 | 100.0% | 182,000,000 | — |
| — | — | — | — | — | 545,000,000 | 85.1% | 464,000,000 | — |
| — | — | — | — | — | 62,000,000 | 31.4% | 19,000,000 | — |
| — | — | — | — | — | 667,000,000 | 60.0% | 400,000,000 | — |

| Property No. | Name of Property | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA | | Land Use Rights Expiry Date | Estimated Construction Commencement Date |
|--------------|---|---------------------------|----------------------|--------------|---------------------------------|-------------------------------|------------------|--|---|
| | | | | | | (excluding CPS) (sq.m.) | Number of CPS | | |
| 255 | A parcel of land of Jiangyou Zhongliang Capital Park | Sichuan | 63,171.29 | R, C | 246,948.07 | — | — | 10 March 2089 for residential use, 10 March 2059 for commercial use | April 2019 |
| 256 | Reserved land of Liuzhou Zhongliang Joy Capital Park | Guangxi | — | R, CPS | 24,863.06 | — | — | 16 November 2088 for residential use | May 2019 |
| 257 | Reserved land of Baotou Zhongliang Capital THE ONE | Inner Mongolia | — | C | 44,255.50 | — | — | 10 July 2088 for residential use, 10 July 2058 for commercial use | June 2019 |
| 258 | A parcel of land of Chifeng Zhongliang Capital ONE | Inner Mongolia | 56,302.73 | R, C | 222,446 | — | — | 24 December 2088 for residential use | April 2019 |
| 259 | A parcel of land of Zhongliang Guoxin Haiyue Park | Shandong | 39,944.00 | R, C, CPS | 110,244.00 | — | — | 5 December 2088 for residential use | June 2019 |
| 260 | A parcel of land of Qingzhou Zhongliang Capital Park | Shandong | 25,651.00 | R, C | 67,855.30 | — | — | 20 January 2089 for residential use, 20 January 2059 for commercial use | May 2019 |
| 261 | A parcel of land of Dalian Guanlan Zhongliang THE ONE | Liaoning | 67,287.00 | R, C, CPS | 123,147.78 | — | — | 31 January 2089 for residential use | June 2019 |
| 262 | A parcel of land of Anyi Zhongliang Capital Park | Jiangxi | 51,893.00 | R, C | 133,536.00 | — | — | 19 February 2089 for residential use, 19 February 2059 for commercial use | July 2019 |
| 263 | Reserved land of Fuding Zhongliang Joy Plaza | Fujian | 170,058.20 | R, C | 263,590.23 | — | — | 27 March 2087 for residential use | October 2019 |

Notes:

- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

The Group is legally and validly in possession of the land use rights with respect to the properties held for future development. The Group has the rights to occupy and use the land of the properties except the land parcels which are subject to mortgages, but the transfer of these mortgaged properties are subject to the mortgages until the mortgages have been released.

| Estimated Completion Date | Estimated/Actual Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|---|---|---|---|---|--|---|--|
| — | — | — | — | — | 241,000,000 | 100.0% | 241,000,000 | — |
| — | — | — | — | — | 86,000,000 | 100.0% | 86,000,000 | — |
| — | — | — | — | — | 76,000,000 | 33.3% | 25,000,000 | — |
| — | — | — | — | — | 322,000,000 | 100.0% | 322,000,000 | — |
| — | — | — | — | — | 168,000,000 | 51.0% | 86,000,000 | — |
| — | — | — | — | — | 36,000,000 | 100.0% | 36,000,000 | — |
| — | — | — | — | — | 238,000,000 | 100.0% | 238,000,000 | — |
| — | — | — | — | — | 318,000,000 | 100.0% | 318,000,000 | — |
| — | — | — | — | — | 790,000,000 | 80.0% | 632,000,000 | — |

Group IV — Properties contracted to be acquired by the Group in the PRC

| Property No. | Name of Property | Province/ Municipality | Site Area (sq.m.) | Use | Total Planned GFA (sq.m.) | Total Saleable GFA (excluding CPS) | | | Estimated Construction Commencement Date |
|--------------|---|---------------------------|----------------------|--------------|---------------------------------|---|--------------------------------|---|---|
| | | | | | | Number of CPS | Land Use Rights Expiry Date | | |
| | | | 598,197.84 | | 1,524,411.13 | | | | |
| 264 | A parcel of land of Hangzhou Zhongliang Glory Garden | Zhejiang | 26,094.00 | R | 47,201.95 | — | — | — | May 2019 |
| 265 | A parcel of land of Hefei Gangji Zhongliang Huadi Chenyang Park | Anhui | 69,271.00 | R, C | 153,892.44 | — | — | — | June 2019 |
| 266 | A parcel of land of Nanyang Fangcheng Zhongliang Capital Park | Henan | 49,990.00 | R, C | 155,833.00 | — | — | — | June 2019 |
| 267 | A parcel of land of Changsha NO. 4301212019B00336 | Hunan | 87,315.88 | R, C | 205,250.50 | — | — | — | June 2019 |
| 268 | A parcel of land of Suining Zhongliang Capital Park | Sichuan | 16,006.16 | R, C, CPS | 47,793.55 | — | — | — | June 2019 |
| 269 | A parcel of land of Nanning Zhongliang Glory Elegence Court | Guangxi | 25,090.71 | R, C | 93,128.13 | — | — | — | May 2019 |
| 270 | A parcel of land of Xi'an Zhongliang THE ONE | Shaanxi | 102,329.79 | R, C, CPS | 231,233.00 | — | — | — | July 2019 |
| 271 | A parcel of land of Laixi Zhongliang Capital Park | Shandong | 35,097.00 | R, C, CPS | 125,439.46 | — | — | — | June 2019 |
| 272 | A parcel of land of Cangzhou NO. 1309002019B00627 | Hebei | 69,927.80 | R, C | 203,841.16 | — | — | — | August 2019 |
| 273 | A parcel of land of Tianjin Zhongliang Jinmen Capital Park Phase I | Tianjin | 62,087.40 | R, C, CPS | 140,267.70 | — | — | — | August 2019 |
| 274 | A parcel of land of Tianjin Zhongliang Jinmen Capital Park Phase II | Tianjin | 54,988.10 | R, C, CPS | 120,530.24 | — | — | — | August 2019 |

Notes:

- As at the valuation date, the properties had not been assigned to the Group and thus the titles of the properties had not been vested in the Group, the relevant land use rights certificates had not been obtained. Therefore, we have attributed no commercial value to the properties in this Group. For references purpose, we have assessed the reference value of them assuming their title certificates have been obtained and can be freely transferred by the Group and there is no legal impediment and onerous cost in obtaining the title certificates.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

The State-owned Construction Land Use Rights Grant Contracts are legal and valid.

| Estimated Completion Date | Estimated/Actual Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title certificates) as at Valuation Date (RMB) |
|---------------------------|---|---|---|---|---|--|---|--|
| | | | | | Nil | | Nil | 4,038,000,000 |
| — | — | — | — | — | — | 100.0% | — | 471,000,000 |
| — | — | — | — | — | — | 70.0% | — | 682,000,000 |
| — | — | — | — | — | — | 100.0% | — | 115,000,000 |
| — | — | — | — | — | — | 100.0% | — | 338,000,000 |
| — | — | — | — | — | — | 100.0% | — | 99,000,000 |
| — | — | — | — | — | — | 100.0% | — | 214,000,000 |
| — | — | — | — | — | — | 94.0% | — | 611,000,000 |
| — | — | — | — | — | — | 80.0% | — | 94,000,000 |
| — | — | — | — | — | — | 100.0% | — | 590,000,000 |
| — | — | — | — | — | — | 100.0% | — | 460,000,000 |
| — | — | — | — | — | — | 100.0% | — | 364,000,000 |

Group V — Properties held for investment by the Group in the PRC

| Property No. | Name of Property | Province/ Municipality | Site Area | Use | Total Planned GFA | Total Leasable/ Saleable GFA (excluding CPS) | Planned Number of CPS | Land Use Rights Expiry Date | Estimated/ Actual Construction Commencement Date |
|--------------|--|---------------------------|-----------|--------|----------------------|--|-----------------------------|--|--|
| | | | | | | | | | |
| | | | | | 93,404.70 | 81,582.70 | | | |
| 275 | Various commercial units of Pingyang Zhongliang Royal Garden | Zhejiang | — | C | 12,043.73 | 12,043.73 | — | 11 November 2055 for commercial use | April 2016 |
| 276 | Various commercial units of Wenzhou Longwan Dragon Grand Court | Zhejiang | — | C, CPS | 32,309.40 | 20,487.40 | 395 | 30 July 2055 for commercial use | November 2015 |
| 277 | Various commercial units of Qingtian Zhongliang Joy Plaza | Zhejiang | — | H | 4,526.87 | 4,526.87 | — | 19 June 2053 for commercial use | April 2017 |
| 278 | Various commercial units of Sanmen Zhongliang Royal Garden | Zhejiang | — | C | 5,381.26 | 5,381.26 | — | 24 March 2056 for commercial use | December 2016 |
| 279 | Various commercial units of Lanxi Zhongliang Joy International Plaza | Zhejiang | — | C | 1,055.39 | 1,055.39 | — | 3 February 2087 for residential use, 3 February 2057 for commercial use | May 2017 |
| 280 | Various commercial units of Dongtai Zhongliang Royal Park | Jiangsu | — | C | 5,583.41 | 5,583.41 | — | 12 December 2084 for residential use, 12 December 2054 for commercial use | December 2016 |
| 281 | Various commercial units of Ningxiang Zhongliang Capital Park | Hunan | — | C | 9,064.44 | 9,064.44 | — | 29 June 2087 for residential use, 29 June 2057 for commercial use | November 2017 |
| 282 | Various commercial units of Dazhou Zhongliang Capital Park | Sichuan | — | C | 14,138.61 | 14,138.61 | — | 8 August 2087 for residential use, 8 August 2057 for commercial use | December 2017 |
| 283 | Various commercial units of Ganzhou Zhongliang Jiangdu Mansion | Jiangxi | — | C | 1,741.59 | 1,741.59 | — | 18 December 2086 for residential use, 18 December 2056 for commercial use | March 2017 |
| 284 | Various commercial units of Ruijin Zhongliang Fortune Garden | Jiangxi | — | C | 7,560.00 | 7,560.00 | — | 27 July 2087 for residential use, 27 July 2057 for commercial use | September 2017 |

| Estimated/Estimated/Actual Actual Completion Date | Estimated/Estimated/Actual Pre-Sale Commencement Date | Total Saleable GFA Pre-Sold (excluding CPS) (sq.m.) | Total Estimated Development Cost (if under development) (RMB) | Development Cost incurred up to the Valuation Date (if under development) (RMB) | Market Value in existing state as at Valuation Date (RMB) | Interest Attributable to the Group (approx.) (%) | Market Value Attributable to the Group as at Valuation Date (RMB) | Market Value for reference (for properties without proper title as at Valuation Date (RMB) |
|--|--|---|---|---|---|--|---|---|
| | | | | | 931,000,000 | | 730,000,000 | |
| November 2017 | — | — | — | — | 101,000,000 | 100.0% | 101,000,000 | — |
| November 2017 | — | — | — | — | 352,000,000 | 100.0% | 352,000,000 | — |
| November 2019 | — | — | 31,000,000 | 22,000,000 | 47,000,000 | 47.1% | 22,000,000 | — |
| February 2019 | — | — | — | — | 72,000,000 | 57.0% | 41,000,000 | — |
| December 2018 | — | — | — | — | 15,000,000 | 51.8% | 8,000,000 | — |
| June 2019 | — | — | 32,000,000 | 31,000,000 | 63,000,000 | 82.0% | 52,000,000 | — |
| July 2019 | — | — | 41,000,000 | 33,000,000 | 65,000,000 | 39.8% | 26,000,000 | — |
| December 2019 | — | — | 82,000,000 | 62,000,000 | 114,000,000 | 56.4% | 64,000,000 | — |
| March 2019 | — | — | — | — | 29,000,000 | 65.8% | 19,000,000 | — |
| August 2019 | — | — | 34,000,000.00 | 29,000,000 | 73,000,000 | 61.8% | 45,000,000 | — |

Notes:

1. As advised by the Group, portions of the properties with a total leasable floor area of approximately 32,531.13 sq.m. have been leased to various tenants with the expiry dates between 28 December 2032 and 30 November 2038, and the total monthly rent receivable as at the valuation date is approximately RMB1,061,000, exclusive of management fees, water and electricity charges.
2. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. The Group is legally and validly in possession of the land use rights with respect to the properties held for investment. The Group has the rights to occupy and use the land of the properties except the land parcels which are subject to mortgages, but the transfer of these mortgaged properties are subject to the mortgages until the mortgages have been released;
 - b. The Group has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. The Group has legally obtained the land use rights and the building ownership according to relevant Real Estate Title Certificates.

Summary of Projects

Abbreviation:

GDV: Gross Development Value (RMB) as completed for property under construction of the project

MCP-R: Market Comparable Price (RMB/sq.m.) for residential

MCP-C: Market Comparable Price (RMB/sq.m.) for commercial

MCP-O: Market Comparable Price (RMB/sq.m.) for office

MCP-H: Market Comparable Price (RMB/sq.m.) for hotel

MCP-CPS: Market Comparable Price (RMB/space) for car parking space

MCP-Storage: Market Comparable Price (RMB/sq.m.) for storage

MCP-AV: Market Comparable Price (accommodation value) (RMB/sq.m.) for bare land

Rent-C: Market Monthly Rent (RMB/sq.m.) for commercial

Rent-CPS: Market Monthly Rent (RMB/space) for car parking space

CR-C: Capitalization Rate for commercial

CR-CPS: Capitalization Rate for car parking space

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|-------------------------------------|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | | | 4,038,000,000 | |
| | | | | | 146,186,000,000 | 94,255,000,000 | 4,038,000,000 | |
| 1 | Jiaxing Zhongliang Xiuhu THE ONE | The project is located at the intersection of Dongsheng West Road and Xiuyuan Road, Xiuzhou District of Jiaxing. It is close to the Xiuhu Park endowing the project with natural and landscape resources. The project is being developed into a top-level residential development with villas in three phases. Portions of the project are completed and held for sale, while the remaining portion is under construction. | Zhejiang | 1, 23 | 2,978,000,000 | 1,839,000,000 | — | GDV: 1,708,000,000 MCP-R: 11,000-18,000 MCP-C: 20,000-25,000 |
| 2 | Pinghu Zhongliang Donghu THE ONE | The project is located at the western side of Huancheng East Road and the southern side of Fuzhen Road, Pinghu. The project had been developed into a residential development with villas in two phases. The project is completed and held for sale. | Zhejiang | 2 | 2,945,000,000 | 2,048,000,000 | — | MCP-R: 11,000-23,000 |
| 3 | Tongxiang Zhongliang Royal Park | The project is located at the northern side of Huancheng North Road 2, Jiaxing. The locality of the property is a well-developed residential area served with public and municipal facilities. The project had been developed into a top-level residential development with villas in one phase. The project is completed and held for sale. | Zhejiang | 3 | 382,000,000 | 349,000,000 | — | MCP-R: 10,000-20,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|---------------------------------|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | | | — | |
| 4 | Cangnan Century ONE | The project is located at the northern side of Dongcheng Road and the eastern side of Shangjia Road, Cangnan County, Wenzhou. The locality of the property is a newly-developed commercial area. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 24 | 231,000,000 | 231,000,000 | — | GDV: 364,000,000 MCP-R: 11,000-16,000 MCP-C: 12,000-20,000 |
| 5 | Cangnan THE ONE | The project is located at the intersection of Huida Road and Tiyuchang Road in Lingxi Town, Wenzhou. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 25 | 1,124,000,000 | 1,066,000,000 | — | GDV: 1,389,000,000 MCP-R: 21,000-23,000 MCP-C: 22,000-23,000 |
| 6 | Cangnan Top Town | The project is located at the intersection of Yuanqu Avenue and Cangshan Avenue in the Cangshan Industry Area, Wenzhou. The project is being developed into a residential development with high-rise, mid-high rise buildings and villas in two phases. The project is under construction. | Zhejiang | 26 | 534,000,000 | 502,000,000 | — | GDV: 809,000,000 MCP-R: 16,000-20,000 MCP-C: 18,000-21,000 |
| 7 | Cangnan Zhongliang Capital Park | The project is located at the intersection of Dupu Road and Jianxing Road in Lingxi Town, Wenzhou. The project is being developed into a residential and commercial development with car parking spaces. The project is under construction. | Zhejiang | 27 | 733,000,000 | 413,000,000 | — | GDV: 759,000,000 MCP-R: 15,000-17,000 MCP-C: 17,000-20,000 |
| 8 | Liushi Zhongliang Capital Park | The project is located at the intersection of Liuwong East Road and Huancheng East Road, Tantou Village, the western side of Liushi Town, Yueqing County, Wenzhou. The locality of the property is a newly-developed area served with public facilities, such as schools and hospitals. The project is being developed into a residential and commercial development with car parking spaces. The project is under construction. | Zhejiang | 28 | 911,000,000 | 911,000,000 | — | GDV: 1,328,000,000 MCP-R: 12,000-14,000 MCP-C: 22,000-25,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|----------------------------------|---|---------------------------|-----------------------------|---|--|--|--|
| 9 | Pingyang Metro Garden | The project is close to the Aojiang Station in Aojiang Town, Wenzhou. The project is being developed into a residential and commercial development with car parking spaces. The project is under construction. | Zhejiang | 29 | 604,000,000 | 568,000,000 | — | GDV: 911,000,000 MCP-R: 7,000-9,000 MCP-C: 10,000-12,000 |
| 10 | Pingyang Zhongliang Capital Park | The project is located at the southern side of Huanchengbei Road, Pingyang County, Wenzhou. The locality of the property is a newly-developed residential area served with public facilities and transportation. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 30 | 295,000,000 | 295,000,000 | — | GDV: 769,000,000 MCP-R: 8,000-10,000 MCP-C: 7,000-12,000 |
| 11 | Pingyang Zhongliang Royal Garden | The project is located at the southern side of Huida Road and the northern side of Jiangbin Road, Kunyang Town, Pingyang County, Wenzhou. The project had been developed into a residential and commercial development in two phases. The project is completed and held for investment. | Zhejiang | 275 | 101,000,000 | 101,000,000 | — | MCP-C: 10,000-18,000 Rent-C: 34-68 CR-C: 4.5% |
| 12 | Pingyang Zhongliang ONE Palace | The project is located at the northwestern corner of the intersection of Beier Road and Jingwu Road, central of Aojiang Riverside Area, Wenzhou. The locality of the property is a newly developing residential area surrounded by parks and rivers with natural and landscape resources. The project is being developed into a residential development. The project is under construction. | Zhejiang | 31 | 477,000,000 | 477,000,000 | — | GDV: 713,000,000 MCP-R: 11,000-15,000 |
| 13 | Ruian Joy Elegance Court | The project is located at the intersection of Xinxing Road and the northern side of Fumin Road in Lingxi Town, Wenzhou. The project is being developed into a residential and carpark development. The project is under construction. | Zhejiang | 32 | 198,000,000 | 180,000,000 | — | GDV: 238,000,000 MCP-R: 17,000-22,000 |
| 14 | Ruian Shanti Peninsula | The project is located at the intersection of Huazhou Road and the northern side of Hongqiao Road in Rui'an County, Wenzhou. The project is being developed into a residential development. The project is under construction. | Zhejiang | 33 | 253,000,000 | 238,000,000 | — | GDV: 372,000,000 MCP-R: 16,000-18,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|--|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 15 | Wenzhou Longwan Dragon Grand Court | The project is located at southeastern corner of the intersection of West Yongzhong Road and Longxiang Road, the central area of Longwan District, Wenzhou. The locality of the property is well-served by public facilities and transportation. The project had been developed into a residential and commercial development in three phases. The project is completed and held for investment. | Zhejiang | 276 | 352,000,000 | 352,000,000 | — | MCP-C: 20,000-33,000 MCP-CPS: 80,000-120,000 Rent-C: 67-133 Rent-CPS: 400 CR-C: 4.5% CR-CPS: 2.5% |
| 16 | Wenzhou Longwan Zhongliang Huahong Capital ONE | The project is located at the eastern side of Longhai Road, northern side of Yongqiang Road and southern side of Yongzhong West Road in the Longwan District, Wenzhou. The project is being developed into a residential and commercial development with high-rise and mid-high rise buildings in two phases. The project is under construction. | Zhejiang | 34 | 820,000,000 | 287,000,000 | — | GDV: 1,038,000,000 MCP-R: 20,000-26,000 MCP-C: 30,000-38,000 |
| 17 | Wenzhou Zhongliang Majestic Mansion | The project is located at the intersection of Chezhan Avenue and Jinjiang Road, Lucheng District, Wenzhou. The locality of the property is a well-developed residential area served with public facilities and transportation. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 35 | 2,006,000,000 | 923,000,000 | — | GDV: 3,997,000,000 MCP-R: 18,000-32,000 MCP-C: 22,000-26,000 |
| 18 | Wenzhou Zhongliang THE ONE | The project is located at Zhongxin Village, Nancheng Street, Shangtang Town, Yongjia County, the northern side of Wenzhou. The locality the property is a newly-developed residential and commercial area surrounded by plenty of schools and colleges, such as Zhongtang Nursery School, Zhongtang Primary School, Yongjia High School and Television University Yongjia Campus. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 36 | 2,149,000,000 | 1,399,000,000 | — | GDV: 2,785,000,000 MCP-R: 11,000-26,000 MCP-C: 15,000-19,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|---------------------------------|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 19 | Yueqing Capital Elegance Court | The project is located at the southern side of Ningkang East Road, Wenzhou. It is close to the Yueqing Middle School and City Park, which endows the project with natural and landscape resources. The project is being developed into a residential development. The project is under construction. | Zhejiang | 37 | 917,000,000 | 917,000,000 | — | GDV: 961,000,000 MCP-R: 11,000-16,000 MCP-C: 10,000-16,000 |
| 20 | Yueqing Zhongliang Glory Garden | The property is located at the southern side of Xuyang Road and the western side of Weiyi Road, Yueqing. It is close to Yueqing New Stadium. The project is being developed into a residential development. The project is under construction. | Zhejiang | 38 | 324,000,000 | 213,000,000 | — | GDV: 367,000,000 MCP-R: 13,000-20,000 MCP-C: 20,000-30,000 |
| 21 | Yueqing Zhongliang Joy Park | The property is located at the northern side of East Ningkang Road and the western side of Shuangyan Road, Yueqing. The locality of the property is well-served with public and municipal facilities. The project is being developed into a residential development. The project is under construction. | Zhejiang | 39 | 111,000,000 | 71,000,000 | — | GDV: 190,000,000 MCP-R: 13,000-17,000 MCP-C: 20,000-30,000 |
| 22 | Zhongliang Huadong Metro Tower | The project is located at the intersection of Xingaozhong Road and Chezhan Boulevard, Pingyang County, Wenzhou. The locality of the property is a well-developed residential area served with public facilities and transportation. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 40 | 623,000,000 | 623,000,000 | — | GDV: 1,323,000,000 MCP-R: 10,000-14,000 MCP-C: 7,000-12,000 |
| 23 | Lishui Jade Elegance Court | The project is located at the intersection of Donggang Road and Dongdi Road, Lishui. The locality of the property is well-served with natural and landscape resources. The project is being developed into a residential and commercial development in two phases. The project is under construction. | Zhejiang | 41 | 890,000,000 | 550,000,000 | — | GDV: 2,116,000,000 MCP-R: 17,000-26,000 MCP-C: 15,000-17,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|--|--|---------------------------|-----------------------------|---|--|--|---|
| 24 | Lishui Royal Lakeside Mansion | The project is located at the intersection of Donggang Road and Dongdi Road, Lishui. The locality of the property is well-served with natural and landscape resources. The project had been developed into a residential development in two phases. The project is completed and held for sale. | Zhejiang | 4 | 899,000,000 | 355,000,000 | — | MCP-R: 15,000-22,000 |
| 25 | Lishui Tianchen Capital ONE | The project is located at the northern side of Chengbei Road and the western side of Kuocang Road. The locality is a central business district served with a number of public facilities. The project is being developed into a residential and commercial development in four phases. The project is under construction. | Zhejiang | 42 | 1,966,000,000 | 590,000,000 | — | GDV: 3,305,000,000 MCP-R: 15,000-25,000 MCP-C: 15,000-26,000 |
| 26 | Qingtian Jiangnan Zhongliang Joy International Plaza | The project is located at the southern side of National Road G330, Hukou Village, Weinan Street, Qingtian County, Lishui. The locality of the property is a newly developing suburb area where public facilities still needs to upgrade, in spite of its natural river view and mountain landscape. The project is being developed into a residential development. The project is under construction. | Zhejiang | 43 | 242,000,000 | 69,000,000 | — | GDV: 433,000,000 MCP-R: 6,800-7,300 |
| 27 | Qingtian Zhongliang Joy Plaza | The property is located at the northern side of National Road G330 and is on the riverside of Oujiang River in Qingtian County, Lishui. The locality of the property is close to the Qingtian Railway Station with convenient accessibility. The project is being developed into a complex development with residential, commercial and hotel portions. Portions of the project are under construction whilst the remaining portion of the project is held for investment. | Zhejiang | 44, 277 | 1,135,000,000 | 534,000,000 | — | GDV: 2,281,000,000 MCP-R: 13,000-17,000 MCP-C: 20,000-25,000 MCP-H: 15,000-16,000 MCP-O: 9,000-12,000 MCP-CPS: 120,000-160,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|--------------------------------|---|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 28 | Qingyuan Royal Garden | The project is located at the southern side of S329 Road, the eastern side of Daji middle Road and the western side of Guihua Road, Lishui. The locality of the property is a well-developed commercial area served with public transportation. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 45 | 373,000,000 | 373,000,000 | — | GDV: 684,000,000 MCP-R: 12,000-19,000 MCP-C: 14,000-18,000 |
| 29 | Songyang Binjiang Capital Park | The project is located at the northern side of Jiangbin Road, the centre of Songyang County, Lishui. The project is being developed into a residential and commercial development in two phases. The project is under construction. | Zhejiang | 46 | 939,000,000 | 304,000,000 | — | GDV: 1,075,000,000 MCP-R: 8,000-17,000 MCP-C: 10,000-12,000 |
| 30 | Yunhe Royal Park | The project is located at the western side of Xin Jian Nan Road, Yunhe County, Lishui. The locality of the property is close to the Central Business District served with public facilities and transportation. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 47 | 329,000,000 | 303,000,000 | — | GDV: 394,000,000 MCP-R: 8,000-9,000 MCP-C: 7,000-8,000 |
| 31 | Linhai Joy Majestic Park | The project is located at the eastern side of Shuanglin Road and the northern side of Dayang Road, Taizhou. The locality of the property is a newly developing area where public facilities such as municipal facilities are under construction. The project is being developed into a residential and commercial development with car parking spaces. The project is under construction. | Zhejiang | 48 | 1,315,000,000 | 1,147,000,000 | — | GDV: 1,333,000,000 MCP-R: 17,000-19,000 MCP-C: 15,000-20,000 MCP-CPS: 150,000-170,000 MCP-Storage: 1,500-2,000 |
| 32 | Linhai Platinum Joy Park | The project is located at the eastern side of Shuanglin Road and the northern side of Dayang Road, Taizhou. The locality is a newly developing area where public facilities such as municipal facilities are under construction. The project is being developed into a residential and commercial development with car parking spaces. The project is under construction. | Zhejiang | 49 | 1,372,000,000 | 749,000,000 | — | GDV: 1,774,000,000 MCP-R: 17,000-20,000 MCP-C: 13,000-16,000 MCP-CPS: 160,000-200,000 MCP-Storage: 3,500-4,200 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|---|---|---------------------------|-----------------------------|---|--|--|---|
| 33 | Sanmen Zhongliang Royal Garden | The project is located at No. 42 Nanshan Road in the old centre in Sanmen town, Taizhou. The locality of the property is well-served by public facilities and transportation, and is surrounded by natural and landscape resources. The project had been developed into a residential and commercial development in two phases. The project is completed and portions of the project are held for sale whilst the remaining portion is held for investment. | Zhejiang | 5, 278 | 914,000,000 | 521,000,000 | — | MCP-R: 8,000-16,000 MCP-C: 9,000-16,000 MCP-CPS: 90,000-100,000 |
| 34 | Taizhou Huangyan Shanti Mansion | The project is located at the western side of Ring Road and the northern side of Fangshan Road, Huangyan District, Taizhou. The locality of the property is well-served by public transportation and nature resources. The project is being developed into a residential development with car parking spaces. The project is under construction. | Zhejiang | 50 | 296,000,000 | 258,000,000 | — | GDV: 296,000,000 MCP-R: 12,500-14,000 MCP-CPS: 120,000-140,000 |
| 35 | Taizhou Huangyan Yongning Capital Park | The project is located at the northern side of Tianyuan Road and the eastern side of Songyan Road, Taizhou. The locality of the property is a well-developed residential area served with public and municipal facilities. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 51 | 1,210,000,000 | 748,000,000 | — | GDV: 1,473,000,000 MCP-R: 10,000-17,000 MCP-C: 13,000-20,000 |
| 36 | Taizhou Jiaojiang Capital Park | The project is located at the western side of East Ring Road and the southern side of Auchan Supermarket, Taizhou. The locality of the property is a newly-developed business area served with public facilities. The project is being developed into a residential development. The project is under construction. | Zhejiang | 52 | 548,000,000 | 415,000,000 | — | GDV: 670,000,000 MCP-R: 10,000-14,000 MCP-C: 15,000-21,000 MCP-CPS: 110,000-130,000 |
| 37 | Taizhou Jiaojiang Royal Garden | The project is located at the western side of Jiefang South Road and the northern side of Yunxi Road, Taizhou. The locality of the property is a well-developed residential area served with public facilities. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 53 | 572,000,000 | 355,000,000 | — | GDV: 590,000,000 MCP-R: 11,000-15,000 MCP-C: 12,000-20,000 MCP-O: 7,000-10,000 MCP-CPS: 100,000-135,000 MCP-Storage: 1,800-3,600 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|---|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | | | | |
| 38 | Taizhou Jiaojiang Zhongliang Capital ONE | The project is located at the eastern side of Xueyuan Road and the northern side of Sihao Road, Taizhou. The locality of the property is a well-developed residential area served with public and municipal facilities. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 54 | 430,000,000 | 289,000,000 | — | GDV: 670,000,000 MCP-R: 13,000-16,000 MCP-C: 19,000-22,000 MCP-CPS: 120,000-140,000 |
| 39 | Taizhou Jiaojiang Zhongliang Capital ONE (Phase I) | The project is located at the eastern side of Xueyuan Road and the northern side of Guangchang Road, Taizhou. The locality of the property is a well-developed residential area served with public facilities. The project had been developed into a residential and commercial development. The project is completed and held for sale. | Zhejiang | 6 | 863,000,000 | 813,000,000 | — | MCP-R: 12,000-19,000 MCP-C: 7,000-9,000 MCP-CPS: 110,000-145,000 |
| 40 | Taizhou Jiaojiang Zhongliang Capital ONE (Phase II) | The project is located at the eastern side of Xueyuan Road and the northern side of Guangchang Road, Taizhou. The locality of the property is a well-developed residential area served with public facilities. The project had been developed into a residential and commercial development. The project is completed and held for sale. | Zhejiang | 7 | 312,000,000 | 303,000,000 | — | MCP-R: 14,000-16,000 MCP-C: 15,000-20,000 MCP-CPS: 110,000-140,000 |
| 41 | Taizhou Wenling Academy ONE | The project is located at the northern side of Sanxing Avenue, Wenling county, Taizhou. The locality of the property is well-served with public transportation and commercial facilities. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 55 | 540,000,000 | 324,000,000 | — | GDV: 751,000,000 MCP-R: 21,000-30,000 MCP-C: 30,000-40,000 |
| 42 | Taizhou Wenling Zhongliang Scholarly Garden | The project is located at the intersection of Wanshou Road and Donghui Road, Taizhou. The locality of the property is a well-developed residential area served with public and municipal facilities. The project is being developed into a residential development. The project is under construction. | Zhejiang | 56 | 459,000,000 | 291,000,000 | — | GDV: 543,000,000 MCP-R: 18,000-21,000 MCP-C: 6,000-21,000 |

APPENDIX III
PROPERTY VALUATION REPORT

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|--|--|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 43 | Taizhou Zhongliang Wenling Impression Garden | The project is located at the southern side of Renmin Road and the northern side of Qianxi Road, Taizhou. The locality of the property is a well-developed residential area served with public and municipal facilities. The project is being developed into a residential development. The project is completed and held for sale. | Zhejiang | 8 | 243,000,000 | 172,000,000 | — | MCP-R: 18,000-22,000 MCP-C: 14,000-19,000 |
| 44 | Wenling Zhongliang Royal ONE | The project is located at the intersection of Zhonghua Road and Shanglin Road, Wenling County, Taizhou. The locality of the property is a well-development residential and commercial area served with public transportation and municipal facilities, such as Wenling City Government. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 57 | 580,000,000 | 215,000,000 | — | GDV: 973,000,000 MCP-R: 21,000-25,000 MCP-C: 5,000-7,000 |
| 45 | Wenling Zhongliang Shanti Mansion | The project is located at the northern side of Jinping Road, Wenling County, Taizhou. The locality of the property is a well-developed commercial area served with public facilities and transportation. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 58 | 303,000,000 | 132,000,000 | — | GDV: 514,000,000 MCP-R: 15,000-22,000 MCP-C: 18,000-24,000 |
| 46 | Yuhuan NO. 33102104966 | The project is located at the eastern side of Lubei Avenue, the western side of Gangnan Avenue, Taizhou new City, Zhejiang Province. The locality of the property is a newly-developed residential, commercial and tourist area served with public facilities and transportation. The project will be developed into a residential development. The project is bare land. | Zhejiang | 235 | 526,000,000 | 526,000,000 | — | MCP-AV: 4,000-6,300 |
| 47 | Yuhuang Zhongliang Top Town | The project is located at the eastern side of Yinhu Avenue and the southern side of Shitai Road, Taizhou. It is close to the Yueqing Bay endowing the project with natural and landscape resources. The project is being developed into a residential development with car parking spaces. The project is under construction. | Zhejiang | 59 | 1,326,000,000 | 873,000,000 | — | GDV: 2,020,000,000 MCP-R: 12,000-25,000 MCP-CPS: 100,000-130,000 MCP-Storage: 9,000-11,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|---|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | | | | |
| 48 | Ningbo Zhongliang Capital Park | The project is located at the northern side of Zhenhai Avenue and the northern side of Minhe road, Zhenhai District, Ningbo. The locality of the project is newly-developed area served with public facilities. The project is being developed into a residential and commercial development with high-rise buildings and villas in two phases. The project is under construction. | Zhejiang | 60 | 1,400,000,000 | 790,000,000 | — | GDV: 1,579,000,000 MCP-R: 14,000-20,000 MCP-C: 13,000-20,000 MCP-CPS: 40,000-60,000 |
| 49 | Ningbo Zhongliang Metro Garden | The project is located at the northwestern side of the intersection of Xinhua road and Xiangshan Road, the centre of Xiangshan District, Ningbo. The locality of the property is a well-developed residential area served with public facilities. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 61 | 632,000,000 | 285,000,000 | — | GDV: 1,084,000,000 MCP-R: 8,000-12,000 MCP-C: 20,000-30,000 MCP-H: 11,000-13,000 MCP-O: 8,000-9,000 MCP-CPS: 50,000-100,000 |
| 50 | Ningbo Zhongliang THE ONE | The project is located at the western side of Airport Road and the northern side of Miaoqian River, Ningbo. The locality of the property is well-developed residential area served with public facilities. The project had been developed into a residential development with high-rise buildings. The project is completed and held for sale. | Zhejiang | 9 | 484,000,000 | 449,000,000 | — | MCP-R: 16,000-23,000 MCP-CPS: 50,000-170,000 |
| 51 | Yuyao Zhongliang Top Town | The project is located at the western side of Chengdong Road, Chengdong new district, Yuyao Economic Development Zone, Ningbo. The project is being developed into a residential development in three phases. The project is under construction. | Zhejiang | 62 | 989,000,000 | 520,000,000 | — | GDV: 995,000,000 MCP-R: 9,000-12,000 MCP-CPS: 60,000-80,000 |
| 52 | Hangzhou Chunan Zhongliang Islands Capital Park | The project is located at the southern side of North Huanhu Road, Hangzhou. The locality of the property is a tourist area served with natural and landscape resources. The project is being developed into a residential and commercial development in two phases. The project is under construction. | Zhejiang | 63 | 1,280,000,000 | 722,000,000 | — | GDV: 1,807,000,000 MCP-R: 14,000-26,000 MCP-C: 15,000-27,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|---|---|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | without proper title certificates) as at the valuation date (RMB) | |
| 53 | Hangzhou Zhongliang Glory Garden | The project is located at the northern side of Shenjiu Road and the eastern side of Taoyuan Town, the southern area of Future Science and Technology City, Yuhang District. The project occupies a parcel of land with a site area of approximately 26,094.00 sq.m., which will be developed into a residential development in one phase. The project is a parcel of bare land. | Zhejiang | 264 | — | — | 471,000,000.00 | MCP-AV: 12,000-17,000 |
| 54 | Anji Joy Expo Park | The project is located at the southern side of Changshuo Road and the eastern side of Dipu Road, Chaozhou. The locality of the property is a newly-developed area served with public facilities and transportation. The project is being developed into a residential and commercial development in one phase. The project is under construction. | Zhejiang | 64 | 300,000,000 | 300,000,000 | — | GDV: 507,000,000 MCP-R: 12,000-18,000 MCP-C: 18,000-22,000 MCP-O: 8,500-9,000 |
| 55 | Anji Zhongliang Joy Capital Park (North Zone) | The project is located at the northern side of Guzhang Road and the western side of Liuguanli Road in the Anji Development Zone, Huzhou. The locality of the property is a well-developed residential and commercial area. The project is being developed into a residential and commercial development in one phase. The project is under construction. | Zhejiang | 65 | 174,000,000 | 83,000,000 | — | GDV: 292,000,000 MCP-R: 8,000-11,000 |
| 56 | Anji Zhongliang Joy Capital Park (South Zone) | The project is located at the northern side of Shifo Road and the eastern side of Zhumadun Road, Anji County, Huzhou. The locality of the property is a well-developed residential and commercial area. The project is being developed into a residential development. The project is under construction. | Zhejiang | 66 | 162,000,000 | 59,000,000 | — | GDV: 284,000,000 MCP-R: 7,500-11,000 |
| 57 | Deqing Zhongliang THE ONE | The project is located at the southern side of Chunhui Road and the northern side of Yuyingxi, Huzhou. The locality of the property is a newly developing residential area and is not well-served with infrastructure and supporting facilities. The project is being developed into a residential development in two phases. The project is under construction. | Zhejiang | 67 | 1,097,000,000 | 1,042,000,000 | — | GDV: 1,718,000,000 MCP-R: 18,000-33,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|----------------------------------|--|---------------------------|-----------------------------|---|--|--|---|
| | | | | | | | — | |
| 58 | Huzhou Zhongliang Capital Park | The project is located at the northwestern corner of the intersection of Hangchang Bridge Road and Huanzhuang Road, Huzhou. The locality of the property is a well-developed residential and commercial area. The project is being developed into a residential development in one phase. The project is under construction. | Zhejiang | 68 | 360,000,000 | 288,000,000 | — | GDV: 439,000,000 MCP-R: 10,000-12,000 MCP-C: 12,000-13,000 MCP-CPS: 85,000-100,000 |
| 59 | Huzhou Zhongliang Royal Park | The project is located at Middle Hangchangqiao Road, East Fenghuang District of Huzhou. The locality of the property is close to Aishan Primary School and No. 5 Middle School with academic atmosphere. The project is being developed into a residential development. The project is under construction. | Zhejiang | 69 | 410,000,000 | 385,000,000 | — | GDV: 496,000,000 MCP-R: 13,000-15,000 MCP-CPS: 100,000-150,000 |
| 60 | Zhuji Zhongliang THE ONE | The project is located at the western side of Jibei Road, the southern side of Ankang Road and the eastern side of Puyang River, Shaoxing. The locality of the property is close to the old town of the city served with public and infrastructure facilities. The project had been developed into a low-density residential development in two phases. The project is completed and held for sale. | Zhejiang | 10 | 42,000,000 | 39,000,000 | — | MCP-CPS: 110,000-140,000 MCP-Storage: 2,000-4,000 |
| 61 | Zhoushan Zhongliang Capital Park | The project is located at the western side of Fulidao Road, Zhoushan. The locality of the property is a newly-developed residential and commercial area served with public facilities and transportation. The project is being developed into a residential and commercial development in two phases. Phase I of the project is completed and held for sale while Phase II of the project is under construction. | Zhejiang | 11, 70 | 1,701,000,000 | 983,000,000 | — | GDV: 788,000,000 MCP-R: 8,000-30,000 MCP-C: 10,000-27,000 |

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|-------------|---|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | | | — | |
| 62 | Zhoushan Zhongliang Wenchang Garden | The project is located at Wenhua Road, Dinghai District of Zhoushan. The locality of the property is close to Zhejiang Ocean University, 413 Hospital and No. 2 Middle School with academic atmosphere. The project is being developed into a residential development with middle-rise buildings and resettlement housing. The project is under construction. | Zhejiang | 71 | 291,000,000 | 166,000,000 | — | GDV: 311,000,000 MCP-R: 13,000-17,000 |
| 63 | Zhoushan Zhongliang Wenlan Garden | The project is located at the western side of Shenlu Avenue, Zhoushan. The locality of the property is a newly-developed residential area served with public facilities and transportation. The project is being developed into a residential development. The project is under construction. | Zhejiang | 72 | 745,000,000 | 490,000,000 | — | GDV: 913,000,000 MCP-R: 15,000-16,000 |
| 64 | Kaihua Zhongliang Bund THE ONE | The project is located at the eastern side of Lingshan Road, Kaihua County, Quzhou. The locality of the property is well-served with municipal facilities and public transportation. The project had been developed into a residential and commercial development. The project is completed and held for sale. | Zhejiang | 12 | 490,000,000 | 288,000,000 | — | MCP-R: 11,000-18,000 MCP-C: 18,000-20,000 |
| 65 | Dongyang Zhongliang Binjiang THE ONE | The project is located at the northern side of Jiangbin North Road and the western side of Media Residence, Jinhua. The locality of the property is a well-developed residential area served with public facilities and transportation. The project is being developed into a residential and commercial development in two phases. The project is under construction. | Zhejiang | 73 | 795,000,000 | 373,000,000 | — | GDV: 1,182,000,000 MCP-R: 10,000-15,000 MCP-C: 15,000-25,000 |
| 66 | Dongyang Zhongliang Crescent Garden | The project is located at the northern side of Yueliangwan and the western side of Zhongshan Road, Jinhua. The locality of the property is a well-developed residential area served with public facilities and transportation. The project is being developed into a residential and commercial development in three phases. The project is under construction. | Zhejiang | 74 | 1,005,000,000 | 416,000,000 | — | GDV: 1,709,000,000 MCP-R: 10,000-13,000 MCP-C: 11,000-15,000 |

APPENDIX III

PROPERTY VALUATION REPORT

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|--|---|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 67 | Lanxi Zhongliang Joy International Plaza | The project is located at the northern side of Fuqian Road and the western side of Sanjiang Road, Lanxi District, Jinhua. The project had been developed into a residential and commercial development. The project is completed and portions of the project is held for sale whilst the remaining portion is held for investment. | Zhejiang | 13, 279 | 80,000,000 | 42,000,000 | — | MCP-C: 15,000-19,000 |
| 68 | Wuyi Zhongliang Huadong THE ONE | The project is located at the northern side of Hubin Road and the western side of Jianshe Road, Jinhua. The locality of the property is a well-developed residential area served with public facilities and transportation. It is also close to the parks endowing the project with natural and landscape resources. The project is being developed into a residential and commercial development. The project is under construction. | Zhejiang | 75 | 678,000,000 | 678,000,000 | — | GDV: 1,645,000,000 MCP-R: 10,000-20,000 MCP-C: 13,000-15,000 |
| 69 | Yiwu Zhongliang Royal Park | The project is located at the intersection of Shangfo Road and Sitong Road, the western side of Chengxi Street and northern side of Yiting Town. The transportation of the locality is convenient which takes about 20 minutes driving to Yiwu Airport, Yiwu Railway Station or the city centre. The project is surrounded by excellent natural attractions, such as Yankou Lake and Former home of Wuhan. The project is bare land. | Zhejiang | 236 | 234,000,000 | 234,000,000 | — | MCP-AV: 4,100-6,700 |
| 70 | Yongkang Zhongliang Huadong Royal Park | The project is located at the northern side of North Lizhou Road and the southern side of East Xiangzhang Avenue, Yongkang. The locality of the property is close to Guli Middle School and No.2 Renmin Primary School with academic atmosphere. The project is being developed into a residential and commercial development in two phases. The project is under construction. | Zhejiang | 76 | 1,356,000,000 | 816,000,000 | — | GDV: 2,165,000,000 MCP-R: 18,000-22,000 MCP-C: 20,000-30,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|-------------------------------------|--|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 71 | Changzhou Zhongliang Capital ONE | The project is located at the intersection of Juhu Road and Changgou Road, Changzhou. The locality of the property is a newly-developed area served with public transportation and facilities, such as Wanda Plaza and schools. The project is being developed into a residential development with high-rise buildings. Portions of the project are under construction whilst the remaining portion of the project is bare land. | Jiangsu | 77, 237 | 1,453,000,000 | 545,000,000 | — | GDV: 1,481,000,000 MCP-R: 11,000-20,000 MCP-CPS: 75,000-85,000 MCP-AV: 3,600-7,000 |
| 72 | Changzhou Zhongliang Joy Plaza | The project is located at the northern side of Nantang Road and eastern side of Tongzhuang River, Wujin District, Changzhou. The locality of the property is a newly-developed residential area served with public facilities and transportation. The project is being developed into a residential and commercial development. Portions of the project are under construction whilst the remaining portion of the project is bare land. | Jiangsu | 78, 238 | 388,000,000 | 388,000,000 | — | GDV: 735,000,000 MCP-R: 8,000-11,000 MCP-AV: 2,000-2,800 |
| 73 | Liyang Zhongliang Shanti Mansion | The project is located at the intersection of Jinwu Road and Fenghuang Road, the North Block of Liyang District, Changzhou. The locality of the property is well-served with public facilities, such as schools, hospitals and transportation system. The project is being developed into a residential development in one phase. The project is under construction. | Jiangsu | 79 | 768,000,000 | 383,000,000 | — | GDV: 970,000,000 MCP-R: 7,000-11,000 MCP-C: 13,000-16,000 |
| 74 | Qianhuang Zhongliang THE ONE | The project is located at the western side of Fudong Road. The locality is a newly-developed residential area served with public facilities. The project is being developed into a residential and commercial development in one phase. The project is under construction. | Jiangsu | 80 | 334,000,000 | 234,000,000 | — | GDV: 781,000,000 MCP-R: 9,000-11,000 MCP-C: 14,000-16,000 MCP-CPS: 90,000-110,000 |

APPENDIX III

PROPERTY VALUATION REPORT

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|---|---|---------------------------|-----------------------------|---|--|--|---|
| | | | | | | | — | |
| 75 | Ganyu Zhongliang Capital Park | The project is located at the southern side of Longhu Coast, the western side of Ouxiang Road and the southern side of Shawang River, Lianyungang. The locality of the property is a newly developing area served with public transportation and municipal facilities, such as Ganyu Government. The project is being developed into a residential and commercial development. The project is under construction. | Jiangsu | 81 | 224,000,000 | 115,000,000 | — | GDV: 680,000,000 MCP-R: 6,000-14,000 |
| 76 | Lianyungang Zhongliang Yuzhou THE ONE | The project is located at the northern side of Linxi Road and the eastern side of Pufa Road in Haizhou District, Lianyungang. The locality of the property is a newly developing area. The project is being developed into a residential and commercial development. The project is under construction. | Jiangsu | 82 | 561,000,000 | 332,000,000 | — | GDV: 699,000,000 MCP-R: 8,000-13,000 MCP-C: 10,000-18,000 MCP-Storage: 3,000-8,000 |
| 77 | Haimeng Zhongliang THE ONE | The project is located at the northern side of Xiushan Road and the western side of Zhonglou Road, Nantong. The locality of the property is a newly-developed residential and commercial area served with public facilities and transportation. The project is being developed into a residential development. The project is under construction. | Jiangsu | 83 | 388,000,000 | 219,000,000 | — | GDV: 862,000,000 MCP-R: 7,000-9,000 MCP-C: 9,000-15,000 |
| 78 | Rugao Zhongliang THE ONE | The project is located at the western side of Xuefu Road and the southern side of Fengze Road, Nantong. The locality of the property is a well-developed residential and commercial area served with educational and entertainment facilities. The project is being developed into a residential development with high-rise buildings and villas. The project is under construction. | Jiangsu | 84 | 206,000,000 | 87,000,000 | — | GDV: 304,000,000 MCP-R: 5,500-7,000 MCP-CPS: 30,000-70,000 |
| 79 | Tongzhou Zhongliang Capital Park | The project is located at the northern side of Jinjiao Road and the eastern side of Chongde Road, Nantong. The locality of the property is a well-developed area with public facilities. The project is being developed into a top-level residential and commercial development. The project is under construction. | Jiangsu | 85 | 691,000,000 | 428,000,000 | — | GDV: 843,000,000 MCP-R: 9,000-12,000 MCP-C: 16,000-19,000 MCP-Storage: 3,000-3,500 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|------------------------------------|---|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 80 | Changshu Zhongliang Longjingge | The project is located at the western side of Zhuhai Road, the northern side of Ningbo Road, the eastern side of Changqing River and the southern side of Suzhou Road, where is the northern area of Changshu City. The locality is a developing residential area, which is nearby to Changshu Hi-tech Industrial Park. The project occupies a parcel of land with a site area of approximately 57,647.00 sq.m., which is being developed into a residential development. The project is bare land. | Jiangsu | 239 | 1,009,000,000 | 303,000,000 | — | MCP-AV: 7,000-9,600 |
| 81 | Suzhou Zhongliang Capital ONE | The project is located at No. 1 Fulong Road, Wuzhong District, Suzhou. The locality of the property is a well-developed residential and commercial area served with public transportation and near several mega residential developments, with street front shops, schools and parks. The project had been developed into a residential development. The project is completed and held for sale. | Jiangsu | 14 | 8,000,000 | 2,000,000 | — | MCP-R: 18,000-22,000 |
| 82 | Suzhou Zhongliang Royal Villa Park | The project is located at the eastern coast of Yangcheng Lake, Hubin Road, Suzhou. The locality of the property is a residential area with several mega residential developments, street front shops, schools and parks. The project is being developed into a top-level residential development with villas in two phases. The project is completed and held for sale. | Jiangsu | 15 | 205,000,000 | 137,000,000 | — | MCP-R: 18,000-22,000 MCP-C: 16,000-18,000 |
| 83 | Zhangjiagang Zhongliang THE ONE | The project is located at the southern side of Jiyang Lake Avenue, the eastern side of Hexinan Road, Wuzhong District, Zhangjiagang. The locality of the property is a well-developed residential area served with public transportation and near several mega residential developments, with street front shops, schools and parks. The project is being developed into a residential development in two phases. Portions of project are completed and held for sale, while other portions are under construction. | Jiangsu | 16, 86 | 2,017,000,000 | 1,296,000,000 | — | GDV: 1,440,000,000 MCP-R: 13,000-18,000 MCP-C: 16,500-18,000 MCP-CPS: 70,000-90,000 |

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PROPERTY VALUATION REPORT

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|---|--|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 84 | Jingjiang Zhongliang THE ONE | The project is located at the intersection of Tongan Road and Wangjiang Road, Wuxi. The locality of the property is a newly developing residential area where public facilities such as municipal facilities and amenities are still under development. The project is being developed into a residential and commercial development. The project is under construction. | Jiangsu | 87 | 962,000,000 | 587,000,000 | — | GDV: 1,038,000,000 MCP-R: 9,500-12,000 MCP-C: 24,000-28,000 |
| 85 | Taizhou Zhongliang Taida Capital ONE | The project is located at the intersection of Huayuan Road and Gaojiao Road of Jiangyan District, Taizhou. The locality is a well-developed residential and commercial area served with public facilities. The project is being developed into a residential and commercial development. The project is under construction. | Jiangsu | 88 | 896,000,000 | 455,000,000 | — | GDV: 1,155,000,000 MCP-R: 8,000-13,000 MCP-C: 18,000-20,000 |
| 86 | Taizhou Zhongliang Taida THE ONE | The project is located at the intersection of Shanghai Road and Chenzhuang Road of Jiangyan District, Taizhou. The locality of the property is a well-developed residential and commercial area. The project is being developed into a residential and commercial development. The project is under construction. | Jiangsu | 89 | 614,000,000 | 188,000,000 | — | GDV: 725,000,000 MCP-R: 8,000-13,000 MCP-C: 11,000-12,000 |
| 87 | Jiangyin Zhongliang Palace ONE | The project is located at the intersection of Lianyang Road and South Hongqiao Road, Wuxi. The locality is a newly developing residential area where public facilities such as municipal facilities and amenities are still under development. The project is being developed into a residential and commercial development. The project is under construction. | Jiangsu | 90 | 705,000,000 | 436,000,000 | — | GDV: 937,000,000 MCP-R: 9,500-16,000 MCP-C: 26,000-44,000 |
| 88 | Jiangyin Zhongliang Royal Park | The project is located at the southern side of Xiangyang Road and the eastern side of Jinsanjiao Road. The locality of the property is a developing area with high-speed rail passing by in the future. The project is being developed into a residential development. The project is under construction. | Jiangsu | 91 | 221,000,000 | 125,000,000 | — | GDV: 545,000,000 MCP-R: 9,000-11,000 MCP-C: 12,000-15,000 |

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|-------------|---|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | | | — | |
| 89 | Jiangyin Zhongliang THE ONE | The project is located at the intersection of Chengzhang Road and Yanling Road, Wuxi. The locality of the property is a newly developing residential area where public facilities such as municipal facilities and amenities are still under development. The project is being developed into a residential development. The project is under construction. | Jiangsu | 92 | 939,000,000 | 205,000,000 | — | GDV: 1,065,000,000 MCP-R: 9,500-16,000 |
| 90 | Wuxi Zhongliang Capital ONE | The project is located at the intersection of Xinhua Road and Xingyue Road, Wuxi. The locality of the property is a well-developed residential and commercial area served with public transportation. The project is being developed into a residential and commercial development. The project is under construction. | Jiangsu | 93 | 1,095,000,000 | 728,000,000 | — | GDV: 1,134,000,000 MCP-R: 13,500-17,500 MCP-C: 19,000-21,000 |
| 91 | Yixing Zhongliang THE ONE | The project is located at the intersection of Taihu Avenue and East Xuefu Road, Wuxi. The locality of the property is a newly developing residential area where public facilities such as municipal facilities and amenities are still under development. The project is being developed into a residential and commercial development. The project is under construction. | Jiangsu | 94 | 811,000,000 | 431,000,000 | — | GDV: 1,005,000,000 MCP-R: 9,000-26,000 MCP-C: 15,000-25,000 |
| 92 | Suqian Zhongliang Captial Park | The project is located at the southern side of Qinghaihu Road and the eastern side of Huanghai Road. The locality of the property is well-served with public transportation. The project will be developed into a residential development. The project is bare land. | Jiangsu | 240 | 552,000,000 | 280,000,000 | — | MCP-AV: 2,300-2,400 |
| 93 | Pizhou Zhongliang Royal Park Phase I | The project is located at the eastern side of Liubao river and the southern side of Wenyuan Road, Pizhou. The locality of the property is well-served with public transportation. The project is being developed into a residential development, mainly focusing on high income investors or residents in surrounding area. The project is under construction. | Jiangsu | 95 | 662,000,000 | 305,000,000 | — | GDV: 1,097,000,000 MCP-R: 6,500-8,000 MCP-C: 11,000-13,000 |

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|-------------|--|---|---------------------------|-----------------------------|---|--|--|---|
| | | | | | | | — | |
| 94 | Pizhou Zhongliang Royal Park Phase II | The project is located at the southern side of Wenyuan Road and the western side of Qingxiu Street, Pizhou. The locality of the property is well-served with public transportation. The project is being developed into a residential development in one phase. The project is under construction. | Jiangsu | 96 | 155,000,000 | 71,000,000 | — | GDV: 496,000,000 MCP-R: 6,200-9,000 |
| 95 | Xinyi Zhongwu Capital Park | The project is located at the southern side of Xin'an Road and the eastern side of Middle Linshu Road, Xuzhou. The locality of the property is close to the Central Business District served with public transportation and facilities, such as shops, schools and hospitals. The project is being developed into a residential development. The project is under construction. | Jiangsu | 97 | 391,000,000 | 187,000,000 | — | GDV: 851,000,000 MCP-R: 9,000-14,000 |
| 96 | Xuzhou Zhongliang Capital Park | The project is located at the intersection of Yinshan Road and Chuhe Road, Xuzhou. The locality of the property is a new developing area served with highway and public transportation to central business district. The project is being developed into a residential and commercial development. The project is under construction. | Jiangsu | 98 | 1,075,000,000 | 506,000,000 | — | GDV: 1,819,000,000 MCP-R: 10,000-12,000 MCP-C: 8,000-13,000 |
| 97 | Xuzhou Zhongliang Shanti Mansion | The project is located at the intersection of Xushang Road and national high-way 311, Xuzhou. The locality of the property is a newly developing area for future CBD where public facilities and infrastructures will also be delivered in the next few years. The project is being developed into a residential development in four phases. The project is under construction. | Jiangsu | 99 | 2,848,000,000 | 1,510,000,000 | — | GDV: 4,735,000,000 MCP-R: 7,000-10,000 MCP-C: 9,000-12,000 |
| 98 | Xuzhou Zhongliang THE ONE | The project is located at the southern side of Beihuan Road and the eastern side of Suihebei Road, Xuzhou. The locality of the property is a well-developed residential area served with public facilities, such as primary schools. The project is being developed into a residential development in two phases. The project is under construction. | Jiangsu | 100 | 345,000,000 | 324,000,000 | — | GDV: 660,000,000 MCP-R: 7,000-13,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|---|--|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 99 | Dongtai Zhongliang Royal Park | The project is located at the intersection of Fangong Road and Guangchang Road of Dongtai County, Yancheng. The locality of the property is a well-developed residential and commercial area. Phase I of the project had been developed into a residential development, which is completed and held for sale. Phase II of the project is being developed into a residential and commercial development. Portions of the project are under construction whilst the remaining portion of the project is completed and held for investment. | Jiangsu | 17, 101, 280 | 886,000,000 | 727,000,000 | — | GDV: 820,000,000 MCP-R: 7,800-12,000 MCP-C: 15,000-30,000 MCP-CPS: 75,000-120,000 MCP-Storage: 4,000-5,000 |
| 100 | Yancheng Zhoangliang Tongda Royal Park | The project is located at the northern side of Yuehai Road and the eastern side of Beikangju Road, Yandu District, the new CBD of Yancheng. The project will be developed into a residential and commercial development. The project is bare land. | Jiangsu | 241 | 522,000,000 | 491,000,000 | — | MCP-AV: 3,000-3,500 |
| 101 | Yancheng Zhongliang Dragon Mansion | The project is located at the northern side of Lanhai Road and the eastern side of Renmin Road in Yandu District, Yancheng. The locality of the property is close to the new CBD of Yancheng served with public facilities. The project is being developed into a residential and commercial development. The project is under construction. | Jiangsu | 102 | 1,204,000,000 | 1,063,000,000 | — | GDV: 1,396,000,000 MCP-R: 10,000-11,000 MCP-C: 13,000-14,000 MCP-CPS: 60,000-100,000 |
| 102 | Yancheng Zhongliang Yandu Mansion | The project is located at the intersection of Jing'er Road and Qingnian Road, Yandu District, Yancheng. The locality of the property is close to the high-tech zone of Yancheng. The project is being developed into a residential and commercial development. Currently the project is under construction. | Jiangsu | 103 | 330,000,000 | 217,000,000 | — | GDV: 803,000,000 MCP-R: 6,000-10,000 MCP-C: 15,000-20,000 MCP-CPS: 50,000-80,000 |
| 103 | Baoying Zhongliang Rongchuang Capital ONE | The project is located at the northern side of Nanyuan Road and the eastern side of Hexiang Road, Yangzhou. The project is being developed into a top-level residential and commercial development. The project is under construction. | Jiangsu | 104 | 998,000,000 | 558,000,000 | — | GDV: 1,517,000,000 MCP-R: 8,200-15,000 MCP-C: 13,000-17,000 MCP-CPS: 70,000-90,000 MCP-Storage: 1,500-2,500 |

APPENDIX III

PROPERTY VALUATION REPORT

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|---|--|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 104 | Mengcheng Zhongliang Top Terrace | The project is located at the southern side of Yongxing Road and western side of Lingshan Road, Mengcheng County, Haozhou. The locality of the property is a newly-developed residential and commercial area served with public facilities and transportation. The project is being developed into a residential and commercial development. Portions of the project are under construction whilst the remaining portion of the project is bare land. | Anhui | 105, 242 | 508,000,000 | 318,000,000 | — | GDV: 455,000,000 MCP-R: 6,000-9,000 MCP-C: 12,000-16,000 MCP-AV: 2,000-2,600 |
| 105 | Chizhou Zhongliang THE ONE | The project is located at the intersection of Jianshe West Road and Huquan Road, the central area of Chizhou. It is close to the Santai Mountain Park endowing the project with natural and landscape resources. The project is being developed into a residential development in three phases. The project is under construction. | Anhui | 106 | 697,000,000 | 459,000,000 | — | GDV: 952,000,000 MCP-R: 7,500-16,000 MCP-C: 18,000-22,000 |
| 106 | Mengcheng Zhongliang THE ONE | The project is located at the northern side of Renhe Road, the southern side of the Xinfu road, the western side of the Beimeng Avenue and the eastern side of Qishan Road, Bozhou. The locality of the property is well-served with convenient transportation and public facilities. The project is being developed into a residential and commercial development with high-rise buildings, multi-storey housing and villas in two phases. The project is under construction. | Anhui | 107 | 1,383,000,000 | 1,106,000,000 | — | GDV: 1,804,000,000 MCP-R: 7,000-9,000 MCP-C: 18,000-25,000 |
| 107 | Hefei Gangji Zhongliang Huadi Chenyang Park | The project is located at the southern side of Fumin Road and the eastern side of Chaoyang Road. The locality of the property is well-served with public transportation. The project will be developed into a residential and commercial development. The project is bare land. | Anhui | 265 | — | — | 682,000,000.00 | MCP-AV: 5,000-5,500 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|------------------------------------|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 108 | Suixi Zhongliang Royal Garden | The project is located at the northern side of Tuohe West Road and the eastern side of Ziwei Road in Suixi County, Huaibei. It is close to the government office area of Suixi County and the Suixi garden, which endows the project with natural and landscape resources. The project is being developed into a top-level residential development in two phases. The project is under construction. | Anhui | 108 | 487,000,000 | 320,000,000 | — | GDV: 728,000,000 MCP-R: 5,200-6,000 MCP-C: 11,000-13,000 |
| 109 | Suixi Zhongliang Royal Mansion | The project is located at the northern side of Tuohe West Road and the eastern side of Ziwei Road in Suixi County, Huaibei. It is close to the government office area and the Suixi garden with natural and landscape resources. The project is being developed into a top-level residential development. The project is under construction. | Anhui | 109 | 398,000,000 | 191,000,000 | — | GDV: 815,000,000 MCP-R: 5,200-8,500 MCP-C: 11,000-13,000 |
| 110 | Liu'an Zhongliang Wangjingtai | The project is located at the southwestern corner of the intersection of Liuan Road and Tiantangzhai Road, Yuan District, Liuan City, Anhui Province. The locality of the property is a well-developed residential and commercial area served with public facilities and transportation. The project will be developed into a residential development. The project is bare land. | Anhui | 243 | 170,000,000 | 102,000,000 | — | MCP-AV: 1,500-2,000 |
| 111 | Tongling Zhongliang Elegence Court | The project is close to the West Lake, which is a popular residential area in Tongling. The locality of the property is surrounded by several schools with academic and cultural atmosphere. The project is being developed into a residential development in two phases. The project is under construction. | Anhui | 110 | 469,000,000 | 286,000,000 | — | GDV: 540,000,000 MCP-R: 5,800-6,300 MCP-C: 11,000-12,000 |
| 112 | Zongyang Zhongliang THE ONE | The project is located at the northern side of Puzhou Road, Tongling. The locality of the property is a well-developed area served with public transportation and facilities, such as parks, famous schools and hospitals. The project is being developed into a residential development with high-rise buildings and villas. The project is under construction. | Anhui | 111 | 324,000,000 | 324,000,000 | — | GDV: 728,000,000 MCP-R: 5,500-12,000 MCP-C: 9,000-11,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|---------------------------------------|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | | | | |
| 113 | Fanchang Zhongliang THE ONE | The project is located at the intersection of Marenshan Road and Longting Road, Fanchang County, Fanchang. The project is being developed into a residential development with high-rise buildings and villas in two phases. The project is under construction. | Anhui | 112 | 459,000,000 | 216,000,000 | — | GDV: 546,000,000 MCP-R: 6,000-10,000 |
| 114 | Wuhu Zhongliang River Mansion 1612 | The project is located at the eastern side of Minjiang South Road, the southern side of Lushan Road interchange, the western side of Cangjin Road and the northern side of Wenjin East Road, Gejiang Yantian District, Wuhu. The locality of the property is close to the Yicheng university with academic and cultural atmosphere. The project is being developed into a residential development in four phases. The project is under construction. | Anhui | 113 | 1,278,000,000 | 794,000,000 | — | GDV: 1,799,000,000 MCP-R: 7,000-8,500 MCP-C: 10,000-12,000 |
| 115 | Wuhu Zhongliang Royal Park | The project is located at the intersection of Wuxiashan West Road and Changjiang South Road, Wuhu. The project is being developed into a residential and commercial development in four phases. Portions of the project are completed and held for sale whilst the remaining portion of the project is under construction. | Anhui | 18, 114 | 709,000,000 | 667,000,000 | — | GDV: 616,000,000 MCP-R: 8,000-12,000 MCP-C: 12,000-14,000 |
| 116 | Wuhu Zhongliang Wanjiang THE ONE | The project is located at the intersection of Zhongshan South Road and Wuxiashan West Road, the southern side of Wuxiashan West Road and the western side of Changjiang South Road, Wuhu. The locality of the property is well-served with public facilities and transportation. It is also close to the Luhudang Wetland Park endowing the project with natural and landscape resources. The project is being developed into a residential development in four phases. Portions of the project are completed and held for sale whilst the remaining portion of the project is under construction. | Anhui | 19, 115 | 884,000,000 | 465,000,000 | — | GDV: 746,000,000 MCP-R: 8,000-11,000 MCP-C: 12,000-14,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|---|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 117 | Wuhu Zhongliang Dragon Terrace | The project is located at the intersection of Jingjiang East Road and Wuhu Mid-Road, in the central business district of Wuhu. The locality of the property is close to Donghu Park with natural and landscape resources. The project is being developed into a residential and commercial development with high-rise buildings and villas. The project is under construction. | Anhui | 116 | 746,000,000 | 567,000,000 | — | GDV: 1,329,000,000 MCP-R: 6,500-7,500 MCP-C: 12,000-22,000 |
| 118 | Suzhou Zhongliang Capital Park | The project is located at the eastern corner of the intersection of Huaihai Road and Suhuai Road, Suzhou. The locality of the property is well-surrounded by public facilities and transportation, such as schools, hospitals, bus and railway stations. The project is being developed into a residential and commercial development. The project is under construction. | Anhui | 117 | 54,000,000 | 54,000,000 | — | GDV: 159,000,000 MCP-R: 5,500-6,000 MCP-C: 11,000-13,000 |
| 119 | Ningguo Zhongliang Ningguo Royal Mansion | The project is located at the intersection of Nanshan West Road and Zhongxi South Road, which is close to the Chengnan Gateway and the central area of Xuancheng. The locality of the property is surrounded by many supporting facilities, such as schools and municipal facilities. The project is being developed into a residential and commercial development with car parking spaces. The project is under construction. | Anhui | 118 | 229,000,000 | 88,000,000 | — | GDV: 386,000,000 MCP-R: 6,000-7,000 MCP-C: 10,000-11,000 |
| 120 | Xuancheng Zhongliang Jingting Mansion | The project is located at the southwestern corner of the intersection of Shuiyangjiang Avenue and Meixi Road, Xuancheng. The project is being developed into a residential and commercial development with high-rise buildings and townhouses. The project is under construction. | Anhui | 119 | 217,000,000 | 143,000,000 | — | GDV: 343,000,000 MCP-R: 7,000-8,500 MCP-C: 10,000-14,000 |
| 121 | Xuancheng Zhongliang Xuandu Mansion | The project is located at the intersection of Shuiyangjiang Blvd and Lianang Road, Xuancheng. The project is being developed into a residential and commercial development with mid-high rise buildings and villas. The project is under construction. | Anhui | 120 | 381,000,000 | 208,000,000 | — | GDV: 474,000,000 MCP-R: 6,500-7,500 MCP-C: 11,000-12,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|--|--|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 122 | Zhongliang Xuanzhou THE ONE | The project is located at the northern side of Baocheng Road, Xuancheng. The locality of the property is served by supporting facilities, and a 6,000 sq.m. commercial street is planned to be built in this project. The project is being developed into a residential development with high-rise, mid-high rise buildings and villas in one phase. The project is under construction. | Anhui | 121 | 1,169,000,000 | 769,000,000 | — | GDV: 1,742,000,000 MCP-R: 6,500-7,500 MCP-C: 9,500-10,000 |
| 123 | Jiyuan Zhongliang Jiyuan Mansion | The project is located at the western side of Mechanical Senior Technical School and the southern side of Neighbourhood Committee, Zhaoli County, Jiyuan. The locality of the property is a newly developing area of Jiyuan where public facilities is still upgrading. The project is being developed into a residential development with high-rise, mid-high rise buildings and villas. The project is under construction. | Henan | 122 | 287,000,000 | 161,000,000 | — | GDV: 796,000,000 MCP-R: 6,000-8,000 MCP-C: 10,000-11,000 |
| 124 | Jiaozuo Zhongliang Capital Park | The project is located at the northern side of Beihuan Road and the western side of Xinhua Street, the central area of Jiaozuo. The project is being developed into a residential and commercial development with high-rise buildings and villas. The project is under construction. | Henan | 123 | 160,000,000 | 105,000,000 | — | GDV: 295,000,000 MCP-R: 6,500-8,000 MCP-C: 13,000-15,000 |
| 125 | Luoyang Zhongliang THE ONE | The project is located at the southern side of Yiluo Road and the eastern side of Houzaimen Road. The locality of the property is a well-developed residential area served with public facilities and transportation, as the subway station is five-minute walking distance away. The project will be developed into a residential development. The project is bare land. | Henan | 244 | 547,000,000 | 356,000,000 | — | MCP-AV: 3,000-4,800 |
| 126 | Nanyang Fangcheng Zhongliang Capital Park | The project is located at the intersection of Qifeng Avenue and Taian Road, Fangcheng County, Nanyang City, Henan Province. The locality of the property is a well-developed residential and commercial area served with public facilities and transportation. The project will be developed into a residential and commercial development. The project is bare land. | Henan | 266 | — | — | 115,000,000.00 | MCP-AV: 700-900 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|---|--|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 127 | Nanyang Zhongliang Capital Park Phase I | The project is located at the eastern side of Liyuan Road and the northern side of Xuefeng Road, Nnyang. The locality of the property is a newly-developed area served with public facilities and transportation. The project will be developed into a residential and commercial development in one phase. The project is bare land. | Henan | 245 | 120,000,000 | 60,000,000 | — | MCP-AV: 1,000-4,500 |
| 128 | Nanyang Zhongliang Capital Park Phase II | The project is located at the southern side of Qujian Road, Xincheng District, Nanyang. The locality of the property is a well-developed residential area served with public facilities and transportation. The project is being developed into a residential and commercial development. The project is under construction. | Henan | 124 | 307,000,000 | 255,000,000 | — | GDV: 974,000,000 MCP-R: 6,000-8,000 MCP-C: 8,000-12,000 |
| 129 | Pingdingshan Zhongliang Yingcheng THE ONE | The project is located at the southern side of Fuquan Road and the western side of Fenghuangshan Road, the central area of Pingdingshan. It is close to white turtle lake, which endows the project with natural and landscape resources. The project is being developed into a residential development with high-rise and mid-high rise buildings in three phases. The project is under construction. | Henan | 125 | 251,000,000 | 161,000,000 | — | GDV: 778,000,000 MCP-R: 6,000-9,000 |
| 130 | Puyang Zhongliang THE ONE | The project is located at the northeastern side of Hualong District, Puyang. The locality of the property is close to Puyang high-speed railway station with convenient accessibility. The project is being developed into a residential development with high-rise and mid-high rise buildings in three phases. The project is under construction. | Henan | 126 | 383,000,000 | 252,000,000 | — | GDV: 893,000,000 MCP-R: 5,000-8,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|---------------------------------------|---|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 131 | Shangqiu Zhongliang Prosperity Garden | The project is located at the area surrounded by Zhujiang Road, Huaxia Road and Tsinghua Road, Shangqiu. The locality of the property is surrounded by natural scenery and municipal facilities. The project is being developed into a residential development in three phases. Portions of the project are under construction whilst the remaining portion of the project is bare land. | Henan | 127, 246 | 594,000,000 | 280,000,000 | — | GDV: 1,191,000,000 MCP-R: 6,200-7,200 MCP-AV: 1,200-1,600 |
| 132 | Shangqiu Zhongliang THE ONE | The project is located at the intersection of Huoshen Road and Huaxi Road, Shangqiu. The locality of the property is a well-developed residential area served with public transportation and facilities, such as shopping malls, schools and hospitals. It is also close to the Huaxi Park, which endows the project with natural and landscape scenery. The project is being developed into a residential development with mid-high rise buildings. The project is under construction. | Henan | 128 | 280,000,000 | 184,000,000 | — | GDV: 628,000,000 MCP-R: 6,500-9,000 |
| 133 | Xinyang Zhongliang Shenzhou THE ONE | The project is located at the northwestern corner of the intersection of New Five Avenue and New Thirty-two Street, the central area of Xinyang. The project is being developed into a residential and commercial development with high-rise buildings and villas. Portions of the project are under construction whilst the remaining portion of the project is bare land. | Henan | 129, 247 | 1,049,000,000 | 591,000,000 | — | GDV: 1,828,000,000 MCP-R: 7,000-110,000 MCP-C: 10,000-12,000 MCP-AV: 1,200-2,400 |
| 134 | Changge Zhongliang Getian Park | The project is located at the northern side of Geyuan Road. The locality is a newly-developed residential area served with public facilities. The project is being developed into a residential and commercial development in one phase. The project is under construction. | Henan | 130 | 254,000,000 | 254,000,000 | — | GDV: 785,000,000 MCP-R: 6,000-7,000 MCP-C: 11,000-13,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|----------------------------------|--|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 135 | Xuchang Xidu Mansion | The project is located on the western gate of Xuchang at the junction of Xuyou Road and Baling Road. It is located at the intersection of two rivers, surrounded by three major commercial centres and adjacent to five major parks. It is a top-level residential project with related commercial facilities developed in one phase. The project is under construction. | Henan | 131 | 515,000,000 | 309,000,000 | — | GDV: 1,116,000,000 MCP-R: 6,000-7,000 MCP-C: 12,000-14,000 |
| 136 | Xuchang Zhongliang Weidu Mansion | The project is located at the northern side of Tianbao Road and the western side of Balong Road, Xuchang. The project is being developed into a top-level residential development with villas in two phases. The project is under construction. | Henan | 132 | 777,000,000 | 511,000,000 | — | GDV: 1,345,000,000 MCP-R: 8,000-12,000 MCP-C: 15,000-18,000 |
| 137 | Xuchang Zhongliang Capital Park | The project is located at the eastern side of Lianyuan Road and the northern side of Weizhuang Street, Jian'an District, Xuchang. The project is being developed into a top-level residential development with villas in one Phase. The project is under construction. | Henan | 133 | 346,000,000 | 228,000,000 | — | GDV: 592,000,000 MCP-R: 8,000-6,700 MCP-C: 10,000-12,000 |
| 138 | Yuzhou Zhongliang Yuzhou Mansion | The project is located at the area surrounded by Yingbei District, Zhiwuyuan Road, Xuefu West Road and Sanli Road, Yuzhou. The locality of the property is close to Yuzhou Botanical Garden served with public facilities. The project is being developed into a top-level residential and commercial development. The project is under construction. | Henan | 134 | 230,000,000 | 216,000,000 | — | GDV: 535,000,000 MCP-R: 6,000-7,000 |
| 139 | Zhengzhou Zhongliang Capital ONE | The project is located at the southern side of Longjiang Road, Shangjie District, Zhengzhou. The locality of the property is a newly-developed residential area served with public facilities and transportation. The project will be developed into a residential and commercial development. The project is bare land. | Henan | 248 | 194,000,000 | 136,000,000 | — | MCP-AV: 1,500-2,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|--|--|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 140 | Baoshan Zhongliang THE ONE | The project is located at the eastern side of Xiyuan Road, Lianran Subdistrict Office. The locality is not well served with public transportation at the moment. There are some residential buildings, retail shops and educational facilities in the surrounding area. The project is planned to be a residential project with garden houses and high-rise buildings. The project is under construction. | Yunnan | 135 | 424,000,000 | 297,000,000 | — | GDV: 825,000,000 MCP-R: 5,500-14,000 MCP-C: 10,000-15,000 MVP-CPS: 60,000-90,000 |
| 141 | Dali Zhongliang THE ONE | The project is located at the northern side of Xiaguan Jiangjun Dong, Dali Bai Autonomous Prefecture. The locality is not well served with public transportation at the moment. There are some residential buildings, retail shops and educational facilities in the surrounding area. Portions of the project is being developed into a residential and commercial development and is under construction, whilst the remain portion of the project will be developed a commercial and hotel development and is bare land. | Yunnan | 136, 249 | 1,908,000,000 | 1,393,000,000 | — | GDV: 2,695,000,000 MCP-R: 12,000-40,000 MCP-AV: 6,600-7,800 |
| 142 | Kunming Anning Zhongliang Majestic Mansion | The project is located at the eastern side of Datun New Area, Lianran Subdistrict Office, Kunming. The locality of the project is a newly developing area with some residential buildings, retail shops and educational facilities, despite of under-developed public transportation. The project is being developed into a mid-high rise and high-rise residential and commercial development. The project is under construction. | Yunnan | 137 | 441,000,000 | 422,000,000 | — | GDV: 699,000,000 MCP-R: 6,000-11,000 MCP-C: 12,000-16,000 MCP-CPS: 60,000-80,000 |
| 143 | Kunming Anning Zhongliang Park City | The project is located at the eastern side of Xiyuan Road, Kunming. The locality of the property is a newly developing residential area served with public transportation and facilities, such as retail shops and schools. The project is being developed into a residential development with high-rise buildings. The project is under construction. | Yunnan | 138 | 264,000,000 | 174,000,000 | — | GDV: 521,000,000 MCP-R: 6,000-8,500 MCP-C: 10,000-15,500 MCP-CPS: 40,000-8,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|--|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | | | — | |
| 144 | Kunming Zhongliang Capital Park | The project is close to the intersection of Chuanjin Road and Peiyuan Road. The locality of the project is a newly developing area with under developed transportation. The project is planned to include high-rise residential property with commercial facilities. The project is under construction. | Yunnan | 139 | 1,102,000,000 | 370,000,000 | — | GDV: 1,782,000,000 MCP-R: 8,000-11,000 MCP-C: 12,000-15,000 MVP-CPS: 55,000-70,000 |
| 145 | Puer Zhongliang THE ONE | The project is close to Long Wang Jing section of Pu'er Avenue, Pu'er. The locality of the property is a well-developed residential and commercial area served with public facilities and transportation. It is also close to the Xima Lake, which endows the project with natural and landscape scenery. The project is being developed into a residential development. The project is under construction. | Yunnan | 140 | 357,000,000 | 357,000,000 | — | GDV: 631,000,000 MCP-R: 7,000-20,000 MCP-C: 10,000-25,000 MCP-CPS: 110,000-200,000 |
| 146 | Yuxi Zhongliang THE ONE | The project is located at the northern side of Hongta Avenue, the eastern side of Dongfang Renjia and the western side of Shanshui Jiayuan, Jinzhongshan Area, Hongta District. The locality is not well served with public transportation at the moment. There are some residential buildings, parks and educational facilities in the surrounding area. The project is under construction. | Yunnan | 141 | 887,000,000 | 887,000,000 | — | GDV: 1,383,000,000 MCP-R: 6,000-13,000 MCP-C: 16,000-20,000 MCP-CPS: 80,000-100,000 |
| 147 | Shaotong Zhongliang THE ONE—Lan Garden | The project is located at the southeastern corner of the intersection of Xianghe Road and an unnamed planning road, Shenggentang Area. The locality is not well served with public transportation at the moment. There are some residential buildings, retail shops and educational facilities in the surrounding area. As at the valuation date, the project is being developed to be a residential development with car parking spaces and a little commercial area and is under construction. | Yunnan | 142 | 958,000,000 | 958,000,000 | — | GDV: 1,845,000,000 MCP-R: 6,000-11,000 MCP-C: 16,000-19,000 MCP-CPS: 60,000-80,000 |

APPENDIX III

PROPERTY VALUATION REPORT

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|--|--|---------------------------|-----------------------------|---|--|--|---|
| | | | | | | | — | |
| 148 | Shaotong Zhongliang THE ONE—Yu Garden | The project is located at the southeastern corner of the intersection of Xianghe Road and an unnamed planning road, Shenggengtang Area, Zhaotong. The locality is a newly-developed residential area served with public facilities, but is not well-served with public transportation at the moment. The project is being developed into a residential development. The project is under construction. | Yunnan | 143 | 210,000,000 | 210,000,000 | — | GDV: 481,000,000 MCP-R: 6,000-11,000 MCP-C: 15,000-18,000 MCP-CPS: 60,000-80,000 |
| 149 | Ezhou Zhongliang Kaisa THE ONE | The project is located at the western side of Yingbin Avenue, Ezhou. The locality of the property is a newly developing area and the public facilities will be upgraded gradually. The project is being developed into a residential development with high-rise buildings. Portions of the project are under construction whilst the remaining portion of the project is bare land. | Hubei | 144, 250 | 944,000,000 | 614,000,000 | — | GDV: 1,011,000,000 MCP-R: 7,500-13,000 MCP-C: 14,000-16,000 MCP-AV: 2,100-2,800 |
| 150 | Enshi Zhongliang Royal ONE | The project is located at the northern side of Shawan Road and the eastern side of Tuqiao Avenue, Enshi. The locality is a newly-developed residential area. The project is being developed into a residential development. The project is under construction. | Hubei | 145 | 124,000,000 | 51,000,000 | — | GDV: 430,000,000 MCP-R: 5,900-6,200 MCP-C: 7,100-7,600 |
| 151 | Enshi Zhongliang Top Town | The project is located at the eastern side of Zhonggui Avenue, Xiangyang. The locality is a newly-developed residential area. The project is being developed into a residential development in two phases. The project is under construction. | Hubei | 146 | 369,000,000 | 243,000,000 | — | GDV: 581,000,000 MCP-R: 6,000-8,000 MCP-C: 20,000-26,000 MCP-H: 6,000-8,000 |
| 152 | Suizhou Zhongliang Joy Majestic Park | The project is located at the northwestern corner of the intersection of Bianzhong Avenue and Shengli Avenue, Suizhou. The locality of the property is a newly-developed residential area. The project is being developed into a residential and commercial development. The project is under construction. | Hubei | 147 | 390,000,000 | 225,000,000 | — | GDV: 870,000,000 MCP-R: 5,300-7,000 MCP-C: 11,700-12,700 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|--|---|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 153 | Qianchuan Zhongliang Capital Park | The project is located at the western side of Xiangyang Avenue and the southern side of Banqiao Avenue, Huangpi District. The locality of the property is a newly-developed residential area served with public facilities and transportation. The project is being developed into a residential development. Portions of the project are under construction whilst the remaining portion is bare land. | Hubei | 148, 251 | 436,000,000 | 436,000,000 | — | GDV: 763,000,000 MCP-R: 8,000-10,000 MCP-C: 15,000-25,000 MCP-AV: 3,000-4,000 |
| 154 | Xiangyang Zhongliang THE ONE | The project is located at the southern side of Zhuiji Road and the western side of Hanjiang Dream 1958 Project, Fancheng District, Xiangyang. The locality of the property is a newly-developed residential area. The project will be developed into a residential development in three phases. The project is bare land. | Hubei | 252 | 545,000,000 | 464,000,000 | — | MCP-AV: 2,800-3,600 |
| 155 | Yicheng Zhongliang Capital Park | The project is located at the northern corner of the intersection of Fazhan Avenue and the Ziyang Guan Road, Yicheng. The locality of the property is a newly-developed residential area. The project is being developed into a residential development. The project is under construction. | Hubei | 149 | 164,000,000 | 58,000,000 | — | GDV: 344,000,000 MCP-R: 4,000-6,000 MCP-C: 17,000-21,000 |
| 156 | Changde Zhongliang Binjiang Capital Park | The project is located at the southern side of Yongfeng Road, the northern side of Fuguang Road, the western side of Xizhan Road and the eastern side of Xiangyun Road, Changde. The locality of the property is a well-developed residential area served with public facilities and transportation. The project is being developed into a residential and commercial development. The project is under construction. | Hunan | 150 | 586,000,000 | 586,000,000 | — | GDV: 1,263,000,000 MCP-R: 5,000-12,000 MCP-C: 8,000-14,000 |
| 157 | Hengyang Zhongliang THE ONE | The project is located at the intersection of Zhengshui Avenue and Cailun West Road, where is the administrative central area of Hengyang. The locality of the property is a well-developed residential area served with public transportation and facilities, such as parks and schools. The project is being developed into a residential and commercial development. The project is under construction. | Hunan | 151 | 515,000,000 | 239,000,000 | — | GDV: 705,000,000 MCP-R: 6,500-7,500 MCP-C: 17,000-18,000 |

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|-------------|-------------------------------------|--|---------------------------|-----------------------------|---|--|--|---|
| | | | | | | | — | |
| 158 | Liuyang Zhongliang Glory Garden | The project is located at the intersection of Daowu Road and Fuxing Road, Liuyang. The locality of the property is a newly developing area and the civil infrastructure is upgrading gradually. The project is being developed into a residential and commercial development in two phases. The project is under construction. | Hunan | 152 | 291,000,000 | 233,000,000 | — | GDV: 531,000,000 MCP-R: 3,000-6,000 MCP-C: 18,000-20,000 |
| 159 | Loudi Zhongliang Capital Park | The project is located at the western side of Xinxing north Road, Loudi. The locality of the property is a well-developed residential area served with public facilities and transportation. The project is being developed into a residential and commercial development. Currently it is under construction. | Hunan | 153 | 164,000,000 | 115,000,000 | — | GDV: 288,000,000 MCP-R: 5,000-7,000 MCP-C: 15,000-18,000 |
| 160 | Taojiang Zhongliang Capital Park | The project is located at the southern side of Shengli West Road and the eastern side of Shiba Road. The locality of the property is a developing area which is targeted as the South Developing Area by local government. The project is being developed into a residential development. The project is under construction. | Hunan | 154 | 322,000,000 | 322,000,000 | — | GDV: 1,005,000,000 MCP-R: 5,000-7,000 MCP-C: 25,000-35,000 |
| 161 | Yueyang Zhongliang Capital Park | The project is located at the western side of Yueyang Avenue, Yueyanglou District, Yueyang. The locality of the property is a well-developed area served with public transportation and facilities, such as shopping malls, hospitals and famous schools. It is also surrounded by parks and lakes endowing the project with natural and landscape scenery. The project is being developed into a residential and commercial development. Portions of the project are under construction whilst the remaining portion of the project is bare land. | Hunan | 155, 253 | 306,000,000 | 96,000,000 | — | GDV: 573,000,000 MCP-R: 7,500-8,600 MCP-C: 12,000-18,000 MCP-AV: 2,000-3,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|--|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 162 | Changsha NO. 4301212019B00336 | The project is located at the eastern side of Chatang Road and the western side of Changlong Road, Changsha County. The locality of the property is a newly-developed residential area served with public facilities and transportation. The project will be developed into a residential development. The project is bare land. | Hunan | 267 | — | — | 338,000,000.00 | MCP-AV: 2,000-2,500 |
| 163 | Changsha Zhongliang Yunlu Legend | The project is located at the intersection of Guyuan Road and Lukai Road, Yuelu District. The locality of the property is a well-developed residential area served with public facilities and transportation. The project will be developed into a residential development. A primary school is right next to this project. The project is bare land. | Hunan | 254 | 667,000,000 | 400,000,000 | — | MCP-AV: 3,500-4,500 |
| 164 | Ningxiang Zhongliang Capital Park | The project is located at the southwestern corner of the intersection of Jinzhou Avenue and Zhaoshan Road, Ningxiang. The locality of the property is well-surrounded by public transportation and facilities, such as parks, schools and hospitals. The project is being developed into a residential and commercial development with villas and portions of the project will be held for investment when completed. The project is under construction. | Hunan | 156, 281 | 625,000,000 | 249,000,000 | — | GDV: 860,000,000 MCP-R: 5,500-6,500 MCP-C: 15,000-20,000 |
| 165 | Zhuzhou Zhongliang Jianning Sandal Garden | The project is located in Hetang District which is known as the old city town. The project is adjacent to the main roads, so the traffic around the is convenient. There are many supporting public facilities such as parks and famous schools. The vicinity of the property comprises various residential and commercial developments. The project is under construction. | Hunan | 157 | 740,000,000 | 265,000,000 | — | GDV: 1,431,000,000 MCP-R: 6,000-7,400 MCP-C: 13,000-18,000 |

APPENDIX III

PROPERTY VALUATION REPORT

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|--------------------------------------|---|---------------------------|-----------------------------|---|--|--|--|
| | | | | | | | — | |
| 166 | Chengdu Zhongliang THE ONE | The project is located at the eastern side of Changling South Road and the northern side of Jiangyue East Road, Longquanyi District, Chengdu. The locality of the property is a newly-developed residential area served with public facilities and transportation. The project will be developed into a residential development. The project is under construction. | Sichuan | 158 | 431,000,000 | 86,000,000 | — | GDV: 827,000,000 MCP-R: 16,000-26,000 |
| 167 | Dazhou Zhongliang Capital Park | The project is located at the western side of Jinlong Street, Tongchuan District, Dazhou. It is close to the Lotus Lake endowing the project with natural and landscape scenery. The project is being developed into a residential development in two phases. The project is under construction. | Sichuan | 159, 282 | 1,088,000,000 | 613,000,000 | — | GDV: 1,736,000,000 MCP-R: 7,400-8,800 MCR-C: 7,000-16,000 |
| 168 | Meishan Zhongliang Elegance Court | The project is located at the intersection of No. 3 Kegongyuan Road and Wenzhong Street, Dongpo District, Meishan. The project is being developed into a residential development with car parking spaces. The project is under construction. | Sichuan | 160 | 397,000,000 | 203,000,000 | — | GDV: 751,000,000 MCP-R: 6,000-8,000 MCP-C: 12,000-15,000 MCP-Kindergarten: 5,000-8,000 MCP-CPS: 30,000-40,000 |
| 169 | Jiangyou Zhongliang Capital Park | The project is located at the intersection of Ju'an Road and Hui Feng Road, the centre area of Jiangyou City, where is very convenient with complete public facilities. | Sichuan | 255 | 241,000,000 | 241,000,000 | — | MCP-AV: 1,000-1,500 |
| 170 | Mianyang Zhongliang Glory Garden | The project is located at the northern side of No. 51, Xishan Road, Peicheng District, Mianyang. The project is being developed into a residential and commercial development. The project is under construction. | Sichuan | 161 | 123,000,000 | 82,000,000 | — | GDV: 324,000,000 MCP-R: 6,000-8,000 MCP-C: 15,000-18,000 MCP-CPS: 30,000-60,000 |
| 171 | Mianyang Zhongliang THE ONE | The project is located at the intersection of Mianzhou Avenue and Qunwen Street, Jingkai District, Mianyang. The project is being developed into a residential and commercial development. The project is under construction. | Sichuan | 162 | 516,000,000 | 340,000,000 | — | GDV: 752,000,000 MCP-R: 8,000-11,000 MCP-C: 15,000-17,000 MCP-CPS: 30,000-60,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|--|---|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | without proper title certificates) as at the valuation date (RMB) | |
| 172 | Nanchong Zhongliang THE ONE | The project is located at the intersection of Qingjia Road and Chengquan Road, Shunqing District, Nanchong. The project is being developed into a residential and commercial development. The property is under construction. | Sichuan | 163 | 453,000,000 | 298,000,000 | — | GDV: 727,000,000 MCP-R: 8,000-12,500 MCP-C: 14,000-16,000 MCP-CPS: 30,000-70,000 |
| 173 | Suining Zhongliang Capital Park | The project is located at the southern side of Xingwen Road and the eastern side of North Nanjin Road. The locality of the property is well-served with public transportation. The project will be developed into a residential and commercial development. The project is bare land. | Sichuan | 268 | — | — | 99,000,000.00 | MCP-AV: 2,700-3,100 |
| 174 | Guigang Zhongliang Capital Park | The project is located at the southern side of Jiangnan Avenue, Guigang. The locality of the property is a well-developed area served with public facilities and transportation. The project is being developed into a residential and commercial development. The project is under construction. | Guangxi | 164 | 547,000,000 | 203,000,000 | — | GDV: 1,457,000,000 MCP-R: 5,000-7,000 MCP-C: 18,000-20,000 MCP-CPS: 50,000-70,000 |
| 175 | Guigang Zhongliang Royal ONE | The project is located at the southern side of Lianshi Road, Guigang. The locality of the property is a newly-developed residential area served with public facilities. The project is being developed into a residential and commercial development in one phase. The project is under construction. | Guangxi | 165 | 330,000,000 | 152,000,000 | — | GDV: 443,000,000 MCP-R: 6,000-10,000 MCP-C: 8,000-12,000 MCP-CPS: 90,000-110,000 |
| 176 | Liuzhou Zhongliang Joy Capital Park | The project is located at the eastern side of Waihuan Road, Liuzhou. The locality of the property is a well-developed residential and commercial area served with public facilities and transportation. The project is being developed into a residential development. Currently portions of the project are under construction whilst the remaining portion of the project is bare land. | Guangxi | 166, 256 | 313,000,000 | 313,000,000 | — | GDV: 347,000,000 MCP-R: 8,000-11,000 MCP-C: 6,000-12,000 MCP-CPS: 40,000-100,000 MCP-AV: 3,000-6,000 |

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|-------------|--|---|---------------------------|-----------------------------|---|--|--|---|
| | | | | | | | | |
| 177 | Nanning Zhongliang Glory Elegence Court | The project is located at the northern side of Liuliang Road and the western side of Chaliu Street, Yongning District, Nanning City, Guangxi Province. The locality of the property is a well-developed residential area served with public facilities and transportation. The project will be developed into a residential and commercial development. The project is bare land. | Guangxi | 269 | — | — | 214,000,000.00 | MCP-AV: 3,000-3,500 |
| 178 | Nanning Zhongliang Pine Mansion | The project is located at the southern side of Daxue West Road and the eastern side of Shengsi Road, Nanning. The locality of the property is a newly developing residential area. The project is being developed into a commercial development with LOFT units. The project is under construction. | Guangxi | 167 | 232,000,000 | 232,000,000 | — | GDV: 456,000,000 MCP-C: 25,000-30,000 MCP-O: 8,000-10,000 MCP-H: 9,000-11,000 |
| 179 | Qinzhou Zhongliang Qinzhou Mansion | The project is located at the northern side of Yongfu West Boulevard and the eastern side of East Ring Road, Qinzhou. The locality of the property is a newly-developed area served with public facilities and transportation. The project is being developed into a residential and commercial development with car parking spaces. The project is under construction. | Guangxi | 168 | 375,000,000 | 131,000,000 | — | GDV: 930,000,000 MCP-R: 6,000-7,000 MCP-C: 9,000-10,000 MCP-CPS: 50,000-70,000 |
| 180 | Bijie Zhongliang Royal Park | The project is located at the western side of the Dexi Avenue, which is close to the main bridge, Bijie. The locality of the property is well-served with public transportation. It is also close to the Dexi Wetland Park, which endows the project with natural and landscape scenery. The project is being developed into a residential and commercial development. The project is under construction. | Guizhou | 169 | 85,000,000 | 85,000,000 | — | GDV: 311,000,000 MCP-R: 5,000-7,000 MCP-C: 18,000-20,000 |

APPENDIX III
PROPERTY VALUATION REPORT

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|---|---|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 181 | Ankang Zhongliang Royal Villa Garden | The project is located at the western side of Hi-tech Zone Ecological Culture Park and the southern side of Hanjiang Road, Ankang. The locality of the property is well-served with public facilities. It is also surrounded by natural and landscape scenery. The project is being developed into a top-level residential development with houses and villas. The project is under construction. | Shaanxi | 170 | 303,000,000 | 285,000,000 | — | GDV: 631,000,000 MCP-R: 6,000-14,000 MCP-C: 19,000-25,000 |
| 182 | Tongchuan Zhongliang THE ONE | The project is located at the northern side of Hongji West Road, the central area Tongchuan. The locality of the property is a newly-developed residential area. The project is being developed into a residential development in two phases. The project is under construction. | Shaanxi | 171 | 399,000,000 | 263,000,000 | — | GDV: 985,000,000 MCP-R: 5,700-6,200 MCP-C: 14,000-16,000 |
| 183 | Xi'an Zhongliang THE ONE | The project is located at the northern side of Xiaohe Road, Xixian New District. The locality of the property is a well-developed residential and commercial area served with public facilities and transportation. The project will be developed into a residential development. The project is bare land. | Shaanxi | 270 | — | — | 611,000,000.00 | MCP-AV: 3,000-3,900 |
| 184 | Yulin Taifaxiang Zhongliang Capital Park Phase I | The project is located at the southern side of Jianye Avenue and the northern side of Jianhua Road, Yulin. The locality of the property is a well-developed residential area served with public facilities and transportation. The project is being developed into a high-grade residential development. The project is under construction. | Shaanxi | 172 | 439,000,000 | 428,000,000 | — | GDV: 992,000,000 MCP-R: 8,500-12,000 |
| 185 | Yulin Taifaxiang Zhongliang Capital Park Phase II | The project is located at the southern side of Jianye Road and the eastern side of Tengfei Road, Yulin. The locality of the property is a well-developed residential area served with public facilities and transportation. The project is being developed into a residential development. The project is under construction. | Shaanxi | 173 | 204,000,000 | 138,000,000 | — | GDV: 462,000,000 MCP-R: 7,000-12,000 |
| 186 | Linfen Zhongliang Capital Park | The project is located at the southern side of Huakang Road and the western side of Guodao 108, the eastern coast of Yaodu District. It is a project which is being developed in two phases. The project is under construction. | Shanxi | 174 | 274,000,000 | 180,000,000 | — | GDV: 958,000,000 MCP-R: 6,000-7,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|-----------------------------------|---|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 187 | Pingliang Zhongliang Capital Park | The project is located at the southern side of Weihe Avenue, Pingliang. The locality of the property is a newly developing area surrounded by natural and landscape scenery. The project is being developed into a residential and commercial development with high-rise buildings and villas. The project is under construction. | Gansu | 175 | 208,000,000 | 137,000,000 | — | GDV: 463,000,000 MCP-R: 6,500-8,000 MCP-C: 20,000-22,000 |
| 188 | Qinan Zhongliang THE ONE | The project is located at the southern side of Xingquan Road and the western side of Hechuan Road. The locality of the property is a developing area and currently the public facilities is not very well established. The project is being developed into a residential development. The project is under construction. | Gansu | 176 | 266,000,000 | 266,000,000 | — | GDV: 772,000,000 MCP-R: 6,000-7,000 MCP-C: 13,000-15,000 |
| 189 | Baotou Zhongliang Capital THE ONE | The project is located at the northern side of Alatanhan Avenue and the western side of Xingfu South Road, the central part of Xitu Gaoxin District, Baotou. The locality of the property is a well-planned city zone endowing the project with a great development potential in the future. The project is being developed into a residential and commercial development. Currently portions of the project is under construction, while the remaining portion is bare land. | Inner Mongolia | 177, 257 | 792,000,000 | 263,000,000 | — | GDV: 1,677,000,000 MCP-R: 5,500-8,000 MCP-C: 10,000-20,000 MCP-AV: 1,500-2,500 |
| 190 | Chifeng Zhongliang Capital ONE | The project is located at the northern side of Shangmao Avenue and the eastern side of Neimenggu Husbandry School, Songshan Logistics Zone, which is the main axis of the north new-developing area of Chifeng City. The project will be developed into a residential and commercial development in three phases. The project is bare land. | Inner Mongolia | 258 | 322,000,000 | 322,000,000 | — | MCP-AV: 2,100-2,700 |
| 191 | Hohhot Zhongliang Capital Park | The project is located at the intersection of Genghis Khan Avenue and Wulisha River, Hohhot. The locality of the property is a well-developed area served with public facilities and transportation. The project is being developed into a residential and commercial development in one phase. The project is under construction. | Inner Mongolia | 178 | 401,000,000 | 282,000,000 | — | GDV: 809,000,000 MCP-R: 9,000-11,000 MCP-C: 11,000-13,000 |

APPENDIX III

PROPERTY VALUATION REPORT

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|-----------------------------------|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | without proper title certificates) as at the valuation date (RMB) | |
| 192 | Chongqing Zhongliang Joy Plaza | The project is located at the northeastern corner of the intersection of Xuefu Road and Ertang Road, Nanping District, Chongqing. The locality of the property is close to three universities with academic atmosphere. The project is being developed into a mixed development with SOHO, LOFT and commercial Street. The project is under construction. | Chongqing | 179 | 746,000,000 | 418,000,000 | — | GDV: 1,114,000,000 MCP-C: 5,000-15,000 MCP-O: 12,000-20,000 MCP-CPS: 80,000-100,000 |
| 193 | Yinchuan Zhongliang Glory Garden | The project is located at the southern side of Baohu Town, Jinfeng District, Yinchuan. The project is being developed into a top-level residential and commercial development with garden houses and villas. The project is under construction. | Ningxia | 180 | 574,000,000 | 574,000,000 | — | GDV: 902,000,000 MCP-R: 6,000-11,000 MCP-C: 11,000-13,000 MCP-CPS: 120,000-140,000 |
| 194 | Binzhou Zhongliang Top Town | The project is located at the southwestern corner of the intersection of Huanghe 14th Road and Bindu Road, the High-tech Zone, Binzhou. The locality of the property is well-served by public facilities, such as schools and hospitals. It is also surrounded by natural and landscape scenery. The project is being developed into a residential development with high-rise buildings and villas. The project is under construction. | Shandong | 181 | 342,000,000 | 108,000,000 | — | GDV: 561,000,000 MCP-R: 7,000-10,000 MCP-CPS: 70,000-100,000 |
| 195 | Dezhou Zhongliang Jinling Mansion | The project is located at the southern side of Dongfanghong Road, the northern side of Dongfeng Road and the western side of Jianxi River Road, Dezhou. The project is being developed into a residential development with high-rise buildings in two phases. The project is under construction. | Shandong | 182 | 404,000,000 | 266,000,000 | — | GDV: 747,000,000 MCP-R: 9,000-10,000 MCP-C: 13,000-20,000 |
| 196 | Jining Zhongliang THE ONE | The project is located at the eastern side of Jinshi Road and southern side of Jingde Road, Rengcheng District, Jining. The locality of the property is a newly-developed residential area served with public facilities and transportation. The project is being developed into a residential and commercial development. | Shandong | 183 | 180,000,000 | 169,000,000 | — | GDV: 701,000,000 MCP-R: 6,000-11,000 MCP-C: 10,000-16,000 |

APPENDIX III

PROPERTY VALUATION REPORT

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|--|--|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | without proper title certificates) as at the valuation date (RMB) | |
| 197 | Laiwu Zhongliang Luzhong Capital Park | The project is located at the intersection of Luzhong Street and Dagushan Road. It consists of a residential building with supporting commercial parts. The project is under construction. | Shandong | 184 | 939,000,000 | 212,000,000 | — | GDV: 2,090,000,000 MCP-R: 6,500-9,000 MCP-C: 14,000-15,000 |
| 198 | Liaocheng Zhongliang Royal Park | The project is located at the northwestern corner of the intersection of Songgui Road and Huashan Road, in the High-tech Zone of Liaocheng. The locality of the property is surrounded by natural resources and health care facilities. The project is being developed into a residential and commercial development. The project is under construction. | Shandong | 185 | 466,000,000 | 326,000,000 | — | GDV: 924,000,000 MCP-R: 9,000-13,000 MCP-C: 18,000-24,000 |
| 199 | Linyi Zhongliang THE ONE | The project is located at the intersection of Zhongsheng Avenue and Northeast Zhisheng Road, Hedong District, Linyi. The locality of the property is well-served with public facilities and transportation. The project is being developed into a residential development in three phases. The project is under construction. | Shandong | 186 | 672,000,000 | 202,000,000 | — | GDV: 1,166,000,000 MCP-R: 6,500-9,600 MCP-C: 14,000-24,000 MCP-O: 14,000-18,000 MCP-CPS: 80,000-120,000 MCP-Storage: 2,500-3,000 |
| 200 | Laixi Zhongliang Capital Park | The project is located at the eastern side of Qingdao Road, Laixi City. The locality of the property is a well-developed residential and commercial area served with public facilities and transportation. The project will be developed into a residential development. The project is bare land. | Shandong | 271 | — | — | 94,000,000.00 | MCP-AV: 600-1,000 |
| 201 | Taian Zhongliang Shanti Mansion | The project is located at the southwestern corner of the intersection of Beitianmen Avenue and Fengtian Road, in the High-tech Zone of Taian. The locality of the property is close to several schools with academic atmosphere. The project is being developed into a residential development. The project is under construction. | Shandong | 187 | 186,000,000 | 80,000,000 | — | GDV: 232,000,000 MCP-R: 8,000-9,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|-----------------------------------|---|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 202 | Zhongliang Guoxin Haiyue Park | The project is located at the eastern side of Changhua Road and the southern side of Zhangcun River, Huancui District. The locality of the property is a newly-developed residential area served with public facilities and transportation. The project will be developed into a residential development. The project is bare land. | Shandong | 259 | 168,000,000 | 86,000,000 | — | MCP-AV: 1,500-2,500 |
| 203 | Qingzhou Zhongliang Capital Park | The project is located at the northeastern corner of the intersection of Yiwangfu North Road and Niuyue Road, Qingzhou, Weifang City, Shandong Province. The locality of the property is a developing area and currently the public facilities is not very well established. The project will be developed into a residential and commercial development. The project is bare land. | Shandong | 260 | 36,000,000 | 36,000,000 | — | MCP-AV: 500-800 |
| 204 | Laiyang Long Park | The project is located at the eastern side of Junmin Road and the northern side of Mashan Road, Laiyang of Yantai City. The locality of the property is a well-developed residential area served with public facilities and transportation. The project is being developed into a residential development. The project is under construction. | Shandong | 188 | 178,000,000 | 81,000,000 | — | GDV: 498,000,000 MCP-R: 5,000-7,000 MCP-C: 20,000-30,000 |
| 205 | Yantai Zhongliang Seaside Mansion | The project is located at the southeastern corner of the intersection of Dongguan Road and Binhai Road in Mouping District, Yantai. The locality of the property is well-served with public facilities. The project is being developed into a residential and commercial development with high-rise buildings. The project is under construction. | Shandong | 189 | 535,000,000 | 245,000,000 | — | GDV: 1,003,000,000 MCP-R: 6,500-8,500 MCP-C: 20,000-40,000 |
| 206 | Zaozhuang Zhongliang Capital Park | The project is located at the eastern side of Dongsheng Road, Zaozhuang. The locality of the property is a well-developed residential and commercial area served with public facilities and transportation. The project is composed by south and north parts, both of which are under construction. | Shandong | 190 | 386,000,000 | 218,000,000 | — | GDV: 840,000,000 MCP-R: 5,000-8,000 |

APPENDIX III

PROPERTY VALUATION REPORT

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|----------------------------------|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | | | — | |
| 207 | Zibo Zhongliang Capital Garden | The project is located at the western side of Liuyuan Road and the northern side of Zhangzhou Road, Economical Development Area of Zibo. The locality of the property is well-served with public facilities and transportation. The project is being developed into a residential development with garden houses and villas. The project is under construction. | Shandong | 191 | 197,000,000 | 107,000,000 | — | GDV: 270,000,000 MCP-R: 8,500-12,600 MCP-C: 15,000-16,000 |
| 208 | Zibo Zhongliang THE ONE | The project is located at the western side of Planning Road and the northern side of S102 Wenchang Lake Provincial Tourism Resort, Zibo. The locality of the property is a well-developed area served with public facilities and transportation. The project is being developed into a residential development with car parking spaces. The project is under construction. | Shandong | 192 | 310,000,000 | 264,000,000 | — | GDV: 511,000,000 MCP-R: 7,000-12,000 |
| 209 | Zichuan Zhongliang Capital ONE | The project is located at the northern side of Songling West Road of Zichuan Economic Development Zone, Zibo. The locality of the property is a newly-developed area served with public facilities and transportation. The project is being developed into a residential development. The project is under construction. | Shandong | 193 | 274,000,000 | 87,000,000 | — | GDV: 720,000,000 MCP-R: 6,000-8,000 MCP-C: 6,000-10,000 |
| 210 | Cangzhou NO. 1309002019B00627 | The project is located at the eastern side of Guizhou Avenue and the northern side of Xi'an Road, Cang County. The locality of the property is a newly-developed residential area served with public facilities and transportation. The project will be developed into a residential and commercial development. The project is bare land. | Hebei | 272 | — | — | 590,000,000.00 | MCP-AV: 3,500-4,000 |
| 211 | Zhongliang Yanshan THE ONE | The project is located at the southern side of Xincheng Wenxin Avenue and the eastern side of Guihua Tiyu Avenue, Luan County, Tangshan. It is close to parks, which endows the project with natural and landscape scenery. The project is being developed into a residential development. The project is under construction. | Hebei | 194 | 448,000,000 | 290,000,000 | — | GDV: 1,480,000,000 MCP-R: 6,000-9,500 MCP-C: 10,000-25,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|---|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | without proper title certificates) as at the valuation date (RMB) | |
| 212 | Tianjin Zhongliang Jinmen Capital Park Phase I | The project is located at the western side of Min'an Road. The locality is a newly-developed residential area served with public facilities. The project will be developed into a residential and commercial development in one phase. The project is bare land. | Tianjin | 273 | — | — | 460,000,000.00 | MCP-AV: 3,500-4,500 |
| 213 | Tianjin Zhongliang Jinmen Capital Park Phase II | The project is located at the eastern side of Min'an Road. The locality is a newly-developed residential area served with public facilities. The project will be developed into a residential and commercial development in one phase. The project is bare land. | Tianjin | 274 | — | — | 364,000,000.00 | MCP-AV: 3,500-4,500 |
| 214 | Dalian Guanlan Zhongliang THE ONE | The project is located at the western side of Longshan Road. The locality is a well-developed residential area served with public facilities. The project will be developed into a residential and commercial development in one phase. The project is bare land. | Liaoning | 261 | 238,000,000 | 238,000,000 | — | MCP-AV: 2,300-2,500 |
| 215 | Shenyang Zhongliang Capital Park | The project is located at No.10 Xinghai Road, Tiexi District, Shenyang City. The locality is a newly-developed residential area served with public facilities. The project is being developed into a residential development in one phase. The project is under construction. | Liaoning | 195 | 158,000,000 | 126,000,000 | — | GDV: 356,000,000 MCP-R: 9,000-12,500 MCP-C: 18,000-22,000 |
| 216 | Ganzhou Zhongliang Dragon Mansion | The project is located at the northern side of Jinping West Road and the western side of Zhanggongwang South Road, Zhanggong District, Ganzhou. The locality of the property is a newly-developed residential and commercial area served with public facilities and transportation. The project is being developed into a residential and commercial development in two phases. The project is under construction. | Jiangxi | 196 | 740,000,000 | 451,000,000 | — | GDV: 1,040,000,000 MCP-R: 6,800-10,000 MCP-C: 13,000-15,000 MCP-CPS: 80,000-100,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|---------------------------------------|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | without proper title certificates) as at the valuation date (RMB) | |
| 217 | Ganzhou Zhongliang Jiangdu Mansion | The project is located at the intersection of Wenwuba Road and Wuzhifeng Road of Ganzhou. The locality of the property is a well-developed residential and commercial area. The project had been developed into a residential and commercial development. The project is completed and some portions of the project are held for investment. | Jiangxi | 20, 283 | 721,000,000 | 474,000,000 | — | MCP-R: 9,000-15,000 MCP-C: 18,000-30,000 |
| 218 | Ganzhou Zhongliang Nanan Mansion | The project is located at the northern side of Nanshan Road, Nankang District, Ganzhou. The locality of the property is a newly-developed residential and commercial area served with public facilities and transportation. The project is being developed into a residential and commercial development in two phases. The project is under construction. | Jiangxi | 197 | 563,000,000 | 328,000,000 | — | GDV: 571,000,000 MCP-R: 7,000-18,000 MCP-C: 13,000-21,000 |
| 219 | Ganzhou Zhongliang Nanshan Garden | The project is located at the northern side of Nanshan Road and the eastern side of Xingfu Road, Nankang District, Ganzhou. The locality of the property is a newly-developed residential and commercial area served with public facilities and transportation. The project is being developed into a residential and commercial development in three phases. The project is under construction. | Jiangxi | 198 | 883,000,000 | 515,000,000 | — | GDV: 1,100,000,000 MCP-R: 8,000-21,000 MCP-C: 12,000-21,000 |
| 220 | Huichang Zhongliang THE ONE | The project is located in Huichang District and is close to the main bridge, Ganzhou. The locality of the property is well-served with public transportation and facilities, such as shopping malls, hospitals and famous schools. It is also close to Xiangjiang River endowing the project with natural landscape scenery. The project is being developed into a low-density and high green rate residential development. The project is under construction. | Jiangxi | 199 | 335,000,000 | 335,000,000 | — | GDV: 655,000,000 MCP-R: 6,000-10,000 MCP-C: 12,000-18,000 MCP-CPS: 80,000-150,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|--------------------------------------|---|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 221 | Ningdu Zhongliang Jiangdu Mansion | The project is located at the northern side of Longxi Road, Ningdu County, Ganzhou. The locality of the property is a newly-developed residential and commercial area served with public facilities and transportation. The project is being developed into a residential and commercial development in two phases. The project is under construction. | Jiangxi | 200 | 362,000,000 | 202,000,000 | — | GDV: 540,000,000 MCP-R: 5,900-13,400 MCP-C: 17,000-21,000 MCP-CPS: 48,000-53,000 |
| 222 | Ruijin Zhongliang Fortune Garden | The project is located at the southern side of Qicaida Road, Ganzhou. The locality of the property is a newly-developed residential and commercial area served with public facilities and transportation. The project is being developed into a residential and commercial development in two phases. The project is under construction and some portions of the project will be held for investment. | Jiangxi | 201, 284 | 680,000,000 | 420,000,000 | — | GDV: 930,000,000 MCP-R: 5,100-10,600 MCP-C: 11,000-23,000 MCP-CPS: 50,000-70,000 |
| 223 | Ruijin Zhongliang Fortune Garden | The project is located at the western side of Red Yellow Blue Kindergarten, Ruijin County, Ganzhou. The locality of the property is well-served with public transportation and facilities, such as shopping malls and schools. The project is being developed into a residential and commercial development with car parking spaces. The project is under construction. | Jiangxi | 202 | 342,000,000 | 342,000,000 | — | GDV: 552,000,000 MCP-R: 7,500-13,500 MCP-C: 13,000-15,000 MCP-CPS: 55,000-65,000 |
| 224 | Xingguo Zhongliang Golden Centre | The project is located at the northern side of Pingyang Road, the centre of Xingguo County, Ganzhou. The locality of the property is a well-developed area served with public facilities and transportation. The project is being developed into a residential and commercial development with high-rise, mid-high rise buildings in three phases. The project is under construction. | Jiangxi | 203 | 139,000,000 | 65,000,000 | — | GDV: 220,000,000 MCP-R: 6,000-7,000 MCP-C: 11,000-13,000 |
| 225 | Xingguo Zhongliang Royal Park | The project is located at the southern side of Yingbin Avenue, the core area of Xingguo County, Ganzhou. The project is being developed into a residential and commercial development with high-rise buildings and villas. The project is under construction. | Jiangxi | 204 | 264,000,000 | 264,000,000 | — | GDV: 412,000,000 MCP-R: 6,500-7,500 MCP-C: 12,000-13,000 MCP-CPS: 50,000-80,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|---------------------------------------|---|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 226 | Yudu Zhongliang Gongjiang THE ONE | The project is located at the southern side of Siyuan Road and the western side of Dachang Road, Yudu County, Ganzhou. The locality of the property is a newly-developed residential and commercial area served with public facilities and transportation. The project is being developed into a residential and commercial development in two phases. The project is under construction. | Jiangxi | 205 | 672,000,000 | 315,000,000 | — | GDV: 903,000,000 MCP-R: 6,900-12,800 MCP-C: 12,100-14,300 |
| 227 | Zhongliang Ningdu THE ONE (D2) | The project is located at the southern side of Longxi Road, Ganzhou. The locality of the property is a well-developed residential area served with public transportation and facilities, such as shopping malls, famous schools and hospitals. The project is being developed into a residential and commercial development. The project is under construction. | Jiangxi | 206 | 61,000,000 | 61,000,000 | — | GDV: 158,000,000 MCP-R: 7,000-14,000 MCP-C: 20,000-22,000 MCP-CPS: 100,000-120,000 |
| 228 | Zhongliang Ningdu THE ONE (D3) | The project is located at the northern side of Longxi Road, Ganzhou. The locality of the property is a newly developing area where the infrastructure and living facilities are upgrading. The project is being developed into a residential and commercial development with villas in one phase. The project is under construction. | Jiangxi | 207 | 126,000,000 | 126,000,000 | — | GDV: 227,000,000 MCP-R: 6,000-7,500 MCP-C: 13,000-20,000 MCP-CPS: 60,000-70,000 |
| 229 | Zhongliang Ningdu THE ONE (D4, D5) | The project is located at the southern side of Longxi Road, Meijiang County, Ganzhou. The locality of the property is a newly developing residential area served with public facilities and transportation. The project is being developed into a residential and commercial development with villas in one phase. The project is under construction. | Jiangxi | 208 | 389,000,000 | 389,000,000 | — | GDV: 749,000,000 MCP-R: 6,000-7,000 MCP-C: 10,000-20,000 |
| 230 | Anfu Zhongliang Capital Park | The project is located at the southern side of Yingcai Road and the eastern side of Huihuang Street, the eastern coast of Anfu District, Jian. The project is being developed into a residential and commercial development in two phases. The project is under construction. | Jiangxi | 209 | 458,000,000 | 246,000,000 | — | GDV: 803,000,000 MCP-R: 6,000-7,000 MCP-C: 9,000-11,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|------------------------------------|---|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 231 | Jingdezhen Zhongliang Capital Park | The project is located at the western side of Jingwu Road and the southern side of Weisan Road, Jingdezhen. The locality of the property is a newly-developed residential area served with public facilities and transportation. The project is being developed into a residential and commercial development in two phases. The project is under construction. | Jiangxi | 210 | 946,000,000 | 861,000,000 | — | GDV: 1,310,000,000 MCP-R: 7,000-9,000 MCP-C: 9,000-11,000 |
| 232 | Jiujiang Zhongliang Capital Park | The project is located at the eastern side of Baliyu local government and the western side of Kangtai Road, Jiujiang. The locality of the property is a newly-developed residential area served with public facilities and transportation. The project is being developed into a residential and commercial development in three phases. The project is under construction. | Jiangxi | 211 | 1,570,000,000 | 822,000,000 | — | GDV: 1,700,000,000 MCP-R: 7,000-9,000 MCP-C: 8,000-13,000 |
| 233 | Yongxiu Zhongliang Capital Park | The project is located at the southern side of Fubei Road and the eastern side of Binhu Avenue, Yongxiu. The locality of the property is a newly-developed residential and commercial area served with public facilities and transportation. The project is being developed into a high-rise residential and commercial development in one phase. The project is under construction. | Jiangxi | 212 | 460,000,000 | 303,000,000 | — | GDV: 608,000,000 MCP-R: 6,000-10,000 MCP-C: 17,000-19,000 |
| 234 | Anyi Zhongliang Capital Park | The project is located at the western side of Xuefu Road, Anyi County, Nanchang City. The locality is the centre of the new city, endowed with excellent natural and landscape resources as well as completed education, administration and transportation facilities. The project will be developed into a residential and commercial development in two phases. The project is bare land. | Jiangxi | 262 | 318,000,000 | 318,000,000 | — | MCP-AV: 2,600-4,500 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|--|---|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 235 | Guangfeng Huaxi Zhongliang Royal Park | The project is located at the eastern side of Guangling Road and the southern side of Huaxi Qi Mao Cheng, Shangrao. The project is being developed into a residential and commercial development in two phases. The project is under construction. | Jiangxi | 213 | 328,000,000 | 194,000,000 | — | GDV: 627,000,000 MCP-R: 6,000-10,000 MCP-C: 9,000-11,000 |
| 236 | Guangfeng Zhongliang Glory Elegence Court | The project is located in Guangfeng District and is close to the Yufeng Bridge, which is a main transportation hub of Shangrao. The locality of the property is surrounded by public transportation and facilities, such as famous schools and shopping malls. The project is being developed into a residential development. The project is under construction. | Jiangxi | 214 | 183,000,000 | 172,000,000 | — | GDV: 313,000,000 MCP-R: 5,000-7,500 MCP-C: 9,000-15,000 |
| 237 | Guangfeng Zhongliang Golden Royal Mansion | The project is located in Guangfeng District and is close to the Luzhou Blvd, which is a main street of Shangrao. The locality of the property is well-served with public transportation and facilities, such as famous schools. The project is being developed into a residential development. The project is under construction. | Jiangxi | 215 | 121,000,000 | 121,000,000 | — | GDV: 239,000,000 MCP-R: 5,000-9,000 MCP-C: 7,000-15,000 |
| 238 | Guangfeng Zhongliang Royal ONE | The project is located at the northern side of Yingbin Avenue and the western side of Guantang Avenue, Shangrao. The locality of the property is a newly-developed area served with public transportation and facilities. The project is being developed into a residential and commercial development with high-rise buildings in two phases. The project is under construction. | Jiangxi | 216 | 297,000,000 | 114,000,000 | — | GDV: 580,000,000 MCP-R: 6,500-9,000 MCP-C: 12,000-14,000 |
| 239 | Yushan Huayun Zhongliang Capital Park | The project is located at the eastern side of Yuqing Avenue and the southern side of Dongzi Road, Yushan County, Shangrao. The locality of the property is well-served by natural resources and public facilities. The project is being developed into a residential and commercial development with car parking spaces. The project is under construction. | Jiangxi | 217 | 322,000,000 | 84,000,000 | — | GDV: 636,000,000 MCP-R: 6,000-9,000 MCP-C: 12,000-14,000 |

APPENDIX III

PROPERTY VALUATION REPORT

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|---|--|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 240 | Wuping Zhongliang Capital Park Phase A | The project is located at the western side of Wuping East Avenue, the northwestern of Wuping County, Longyan. The locality of the property is one of the most prosperous zones of Wuping County surrounded by stores, schools and other living facilities. The project is being developed into a residential development. The project is under construction. | Fujian | 218 | 110,000,000 | 110,000,000 | — | GDV: 198,000,000 MCP-R: 7,000-11,000 MCP-C: 12,000-22,000 |
| 241 | Wuping Zhongliang Capital Park Phase C | The project is located at the western side of Wuping East Avenue, the northwestern of Wuping County, Longyan. The locality of the property is one of the most prosperous zones of Wuping County surrounded by stores, schools and other living facilities. The project is being developed into a residential development. The project is under construction. | Fujian | 219 | 223,000,000 | 223,000,000 | — | GDV: 317,000,000 MCP-R: 6,000-15,000 |
| 242 | Fuding Zhongliang Joy Plaza | The project is located at the Tongcheng Street, Chaoyin Island, Fuding. The project is being developed into a residential development with high-rise buildings and villas in six phases. Portions of phases III and IV of the project are completed and held for sale phase I and portions of phases II-V are bare land, whilst the remaining portions are under construction. | Fujian | 21, 220, 263 | 1,708,000,000 | 1,366,000,000 | — | GDV: 1,920,000,000 MCP-R: 6,000-11,000 MCP-C: 8,000-12,000 MCP-AV: 1,500-2,000 |
| 243 | Xiapu Zhongliang THE ONE | The project is located at the western side of Niulai Road and the eastern side of Chidao Road, Ningde. The project is being developed into a residential and commercial development with high-rise buildings and villas in one phase. The project is under construction. | Fujian | 221 | 861,000,000 | 486,000,000 | — | GDV: 1,398,000,000 MCP-R: 7,900-14,000 MCP-C: 16,000-18,000 |
| 244 | Sanming Zhongliang THE ONE | The project is located at the eastern side of Guixiyang Wanda Plaza, Meilie District, Sanming. The project is being developed into a top-level residential development with villas in two phases. The project is completed and held for sale. | Fujian | 22 | 607,000,000 | 323,000,000 | — | GDV: 607,000,000 MCP-R: 7,900-8,400 MCP-C: 13,000-16,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value in existing state as at the valuation date (RMB) | Market Value Attributable to the Group as at the valuation date (RMB) | Market Value for Reference (for properties without proper title certificates) as at the valuation date (RMB) | Valuation Parameter |
|-------------|--|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | | | — | |
| 245 | Zhangzhou Longhai Zhongliang Top Town | The project is located at the intersection of Jinjiang Road and Suhuai Road, Shima Town, Zhangzhou. The project is being developed into a residential and commercial development with high-rise buildings, multi-storeys housing and villas in four phases. The project is under construction. | Fujian | 222 | 995,000,000 | 697,000,000 | — | GDV: 1,632,000,000 MCP-R: 16,000-25,000 MCP-C: 13,000-25,000 MCP-CPS: 120,000-180,000 |
| 246 | Zhangzhou Yunxiao Zhongliang Capital Park | The project is located at the northern side of the Jiangjun Avenue and the western side of the Kaizhang Avenue, Yunxiao County, Zhangzhou. The locality is well-served with public facilities and transportation. The project is being developed into a residential and commercial development with high-rise buildings and villas. The project is under construction. | Fujian | 223 | 479,000,000 | 315,000,000 | — | GDV: 641,000,000 MCP-R: 8,000-15,000 MCP-C: 12,000-15,000 MCP-CPS: 70,000-90,000 |
| 247 | Fuzhou Zhongliang Capital Park | The project is located at the northern side of Yingbin Road and the southern side of Wutang Street, the centre of Yinchuan, Fuzhou. The project is being developed into a residential development in three phases. The project is under construction. | Jiangxi | 224 | 704,000,000 | 364,000,000 | — | GDV: 849,000,000 MCP-R: 7,000-13,500 MCP-C: 12,000-13,500 |
| 248 | Taihe Zhongliang Capital Park | The project is located at the eastern side of Taihe Avenue and the southern side of Wenyan road, the eastern coast of Taihe District, Jian. The project is being developed into a residential development in three phases. The project is under construction. | Jiangxi | 225 | 594,000,000 | 234,000,000 | — | GDV: 979,000,000 MCP-R: 6,000-11,500 MCP-C: 11,500-13,500 |
| 249 | Shangrao Zhongliang Skyreach Capital Park | The project is located at the southern side of Weiyi Road and the eastern side of Wuyi Avenue, Shangrao. The locality of the property is a newly-developed residential area served with public facilities and transportation. The project is being developed into a residential and commercial development in four phases. The project is under construction. | Jiangxi | 226 | 460,000,000 | 133,000,000 | — | GDV: 1,021,000,000 MCP-R: 6,000-8,000 MCP-C: 8,000-10,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|--------------------------------------|--|---------------------------|-----------------------------|---|--|--|--|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 250 | Chaoan Zhongliang THE ONE | The project is located at the northern side of Fuyang County, Chaozhou. The locality of the property is well-served with public facilities and transportation. It is also close to the East Mountain and Sangou Mountain, which endows the project with natural landscape resources. The project is being developed into a residential and commercial development in one phase. The project is under construction. | Guangdong | 227 | 204,000,000 | 75,000,000 | — | GDV: 650,000,000 MCP-R: 5,000-6,500 MCP-C: 10,000-11,000 MCP-CPS: 60,000-70,000 |
| 251 | Fengxi Zhongliang Capital Park | The project is located at Xinfeng Road and is close to the Chaozhou Railway station, Chaozhou. The locality of the property is a well-developed residential area served with public transportation and facilities, such as schools and hospitals. The project is being developed into a residential and commercial development with car parking spaces in one phase. The project is under construction. | Guangdong | 228 | 103,000,000 | 38,000,000 | — | GDV: 308,000,000 MCP-R: 7,000-8,500 MCP-C: 12,000-15,000 MCP-CPS: 100,000-120,000 |
| 252 | Gaoming Zhongliang Capital Park | The project is located at the southern side of Cangjiang South Road and the western side of Bigui Road, Foshan. The project is being developed into a residential development. The project is under construction. | Guangdong | 229 | 494,000,000 | 464,000,000 | — | GDV: 838,000,000 MCP-R: 7,000-10,000 MCP-CPS: 80,000-85,000 |
| 253 | Heyuan Zhongliang Capital Park | The project is located at the southern side of Yonghe East Road. The locality is a well-developed residential area served with public facilities. The project is being developed into a residential and commercial development in one phase. The project is under construction. | Guangdong | 230 | 320,000,000 | 320,000,000 | — | GDV: 762,000,000 MCP-R: 8,000-10,000 MCP-C: 15,000-25,000 MCP-CPS: 90,000-110,000 |
| 254 | Jinagmen Zhongliang Xuhui THE ONE | The project is located at the northwestern side of Haojing Garden and the southern side of Qunhua Road, Jiangmen. The locality of the property is a well-developed residential area served with public facilities and transportation, such as parks, Wanda Plaza and Jiangmen Bus Station. The project is being developed into a residential development in three phases. The project is under construction. | Guangdong | 231 | 1,696,000,000 | 957,000,000 | — | GDV: 2,357,000,000 MCP-R: 9,000-18,000 MCP-C: 15,000-25,000 MCP-CPS: 90,000-170,000 |

| Project No. | Project Name | Brief Description of the Project | Province/ Municipality | Ref. to Property Nos. | Market Value | Market Value | Market Value | Valuation Parameter |
|-------------|---|---|---------------------------|-----------------------------|---|--|--|---|
| | | | | | in existing state as at the valuation date (RMB) | Attributable to the Group as at the valuation date (RMB) | for Reference (for properties without proper title certificates) as at the valuation date (RMB) | |
| 255 | Gaozhou Zhongliang Royal One | The project is located at the western side of Yongqing Avenue, Gaozhou. The locality of the property is well-served with public facilities and transportation, such as a high-speed rail station. The project is being developed into a residential development. The project is under construction. | Guangdong | 232 | 653,000,000 | 653,000,000 | — | GDV: 1,266,000,000 MCP-R: 7,000-12,000 MCP-C: 10,000-15,000 MCP-CPS: 100,000-180,000 |
| 256 | Wengyuan Zhongliang Royal ONE | The project is located at the northern side of Wanlong Street, Wengyuan County, Shaoguan. The locality of the property is a newly developing residential area. The project is being developed into a residential development in two phases. The project is under construction. | Guangdong | 233 | 342,000,000 | 212,000,000 | — | GDV: 538,000,000 MCP-R: 5,000-7,500 |
| 257 | Zhaoqing Zhongliang Duanzhou THE ONE | The project is located at the eastern side of Xueyuan Road, No. 151 Zone, Duanzhou District, Zhaoqing. The locality of the property is a well-developed residential area. The project is being developed into a residential development with car parking spaces. The project is under construction. | Guangdong | 234 | 764,000,000 | 764,000,000 | — | GDV: 1,401,000,000 MCP-R: 7,500-12,000 MCP-C: 18,000-22,000 MCP-CPS: 10,000-12,000 |

**SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY
LAW**

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 Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on March 22, 2018 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association ("**Memorandum**") and its Amended and Restated Articles of Association ("**Articles**").

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since 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) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on June 19, 2019. A summary of certain provisions of the Articles is set out below.

(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 Cayman Companies Law, 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 any class of shares may (unless otherwise provided for by the terms of issue of the shares 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. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

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 an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so canceled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorized and subject to any conditions prescribed by law.

(iv) *Transfer of shares*

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be 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 transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognize any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided 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 register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may 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 requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the 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 as it thinks fit 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) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one 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 20% per annum as the Board shall fix from the day appointed for payment 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 money uncalled and unpaid or installments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or installment of a call on the day appointed for payment, the Board may, for so long as any part of the call or installment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, 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, nevertheless, 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 payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors*(i) Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so

appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest 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 shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term 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 the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (aa) resign;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time 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 also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also 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 shall, in the exercise of the powers 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 Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) 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 shall be 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.

Neither the Company nor the Board shall be 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 whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall 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

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may 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 Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(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 uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, 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 Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may

determine, 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 shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make 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 former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present 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 or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with 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 for that other office or place of profit, in

whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of 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 or other benefits received by him as a director, officer or member of 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 in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, 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 for any profit realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) 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/have 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 proposal concerning an offer of shares, 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 proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share

scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (ee) 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, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(c) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. 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 a second or casting vote.

(d) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(e) Meetings of member

(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 by proxy or, in the case of members which are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is 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 members which 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.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) 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 share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorized corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorized 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 in accordance with this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorized by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be 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, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(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, and continues to be present until the conclusion of the meeting.

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 shall be 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 shall be 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 if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorized officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favor of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(f) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company 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 account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorized by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed

thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarized financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(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.

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 of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) 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 members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

- (bb) that the members 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.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by check or warrant sent through the post. Every such check or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the check 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 monies 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.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or installments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used 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, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, 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.

The Company may exercise the power to cease sending checks for dividend entitlements or dividend warrants by post if such checks or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a check or warrant is returned undelivered.

(h) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of

members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members 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 among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among 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 among the members as such are 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 on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or 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 so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(k) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, 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 the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on March 22, 2018 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also 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

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or 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 arrangements in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Cayman Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, 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.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so 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 are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. 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 member and, for the avoidance of doubt, 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; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorize the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, 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. In addition, 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 that have been purchased or redeemed by a company or surrendered to the company shall not be treated as canceled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either canceled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, 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, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has 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 the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member 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.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities. 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.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company; or
 - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The undertaking for the Company is for a period of 30 years from 7 November 2018.

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.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right 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 of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in 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 member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2017 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate 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 sixty (60) days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up. 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 voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a 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 the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall 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.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view

that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member 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 members.

(s) 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, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of Our Company**

We were incorporated in the Cayman Islands under Cayman Companies Law as an exempted company with limited liability on March 22, 2018. We have established a principal place of business in Hong Kong at Suite 1506, ICBC Tower, 3 Garden Road, Central, Hong Kong and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on August 24, 2018. Mr. Yeung Tak Yip of Flat C, 2/F, Block 2, Broadview Garden, Tsing Yi, New Territories, Hong Kong has been appointed as the authorized representatives of our Company for the acceptance of service of process and notices in Hong Kong.

As we were incorporated in the Cayman Islands, our corporate structure and Memorandum and Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Memorandum and Articles of Association is set out in “Summary of the Constitution of Our Company and Cayman Companies Law” in Appendix IV.

2. Changes in the Share Capital of Our Company

As of the date of incorporation of our Company, our Company had an authorized share capital of HK\$380,000, divided into 38,000,000 ordinary shares of HK\$0.01 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this prospectus:

- On March 22, 2018, one fully-paid Share was issued and allotted to WNL Limited, our initial subscriber;
- On March 29, 2018, the one Share allotted to WNL Limited was transferred to Liangzhong. In addition, one Share was issued and allotted to each of Liangyi and Liangtai, respectively;
- On June 22, 2018, the Company issued and allotted 94 Shares, two Shares and one Share to Liangzhong, Liangyi and Liangtai, respectively;
- On August 15, 2018, the Company issued and allotted 9,119,905 Shares, 287,997 Shares and 191,998 Shares to Liangzhong, Liangyi and Liangtai, respectively; and
- On August 29, 2018, the Company issued and allotted 94,675 Shares to Abundant Talent for the consideration of the acquisition of the entire equity interest in Ample Sino Investments Limited.

Immediately following the completion of the Capitalization Issue and the Global Offering but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and options

which may be granted under the Post-IPO Share Option Scheme, the issued share capital of our Company will be HK\$35,300,000, divided into 3,530,000,000 Shares of HK\$0.01 each, all fully paid or credited as fully paid and 19,964,700,000 Shares of HK\$0.01 each will remain unissued.

Save as disclosed above and in this prospectus, there has been no alteration in the share capital of our Company since our incorporation.

3. Resolutions in Writing of the Shareholders of Our Company Passed on June 19, 2019

Pursuant to the written resolutions passed by the Shareholders on June 19, 2019:

- (a) our Company approved and adopted the Memorandum and Articles of Association conditional upon Listing;
- (b) the authorized share capital of our Company was increased from HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 nominal or par value each to HK\$200,000,000 divided into 20,000,000,000 ordinary shares of HK\$0.01 nominal or par value each by the creation of an additional 19,962,000,000 shares with a nominal or par value of HK\$0.01 each;
- (c) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and such grant and permission not having been subsequently revoked prior to the commencement of dealings in the Shares on the Stock Exchange, (2) the Offer Price being fixed on the Price Determination Date and (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not having been terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:
 - (i) the Global Offering was approved and the Directors were authorized to allot and issue Shares pursuant to the Global Offering;
 - (ii) the granting of the Over-allotment Option was approved;
 - (iii) the proposed Listing was approved and the Directors were authorized to implement the Listing;
 - (iv) subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors were authorized to allot and issue a total of 2,990,305,325 Shares credited as fully paid at par to the holders of Shares on the register of members of our Company at the close of business on the date immediately preceding the date on which the Global Offering becoming unconditional (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalization of the sum of HK\$29,903,053.25 standing to the credit of the share premium account of the distributable reserves of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares;

- (v) a general unconditional mandate was granted to the Directors to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to (a) a rights issue, (b) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, (c) the exercise of options which may be granted under the Post-IPO Share Option Scheme, (d) the exercise of any subscription or conversion rights attaching to any warrants or securities which are convertible into Shares or in issue prior to the date of passing the relevant resolution, or (e) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of (1) 20% of the total number of Shares of our Company in issue immediately following the completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Post-IPO Share Option Scheme) and (2) the total number of issued Shares of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (vii) below, such mandate to remain in effect during the period from the passing of the resolution until the earliest of the conclusion of our next annual general meeting, the expiration of the period within which we are required by any applicable law or the Articles of Association to hold our next annual general meeting and the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the “**Applicable Period**”);
- (vi) a general unconditional mandate was granted to the Directors to exercise all powers of our Company to repurchase Shares 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 a total number of Shares of not more than 10% of the total number of issued Shares of our Company immediately following completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Post-IPO Share Option Scheme), such mandate to remain in effect during the Applicable Period; and
- (vii) the general unconditional mandate mentioned in paragraph (v) above be extended by the addition to the aggregate number of Shares of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (vi) above, provided that such extended amount shall not exceed 10% of the aggregate number of issued Shares of our Company immediately following completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the

Over-allotment Option and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Post-IPO Share Option Scheme); and

- (d) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted pursuant to the Post-IPO Share Option Scheme and (2) the commencement of trading of the Shares on the Main Board of the Stock Exchange, (i) the adoption of the Post-IPO Share Option Scheme was approved and (ii) the Directors were authorized to approve any amendments to the rules of the Post-IPO Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any options which may be granted pursuant to the Post-IPO Share Option Scheme.

4. Our Corporate Reorganization

The companies comprising the Group underwent the Reorganization in preparation for the Listing. Please see the section headed “Our History, Reorganization and Corporate Structure” for further details.

5. Changes in the Share Capital of Our Principal Subsidiaries

Our principal subsidiaries (for the purpose of the Listing Rules) as of the date of this prospectus are referred to the disclosure under the section headed “Our History, Reorganization and Corporate Structure — Our Corporate Structure — Our Principal PRC Operating Subsidiaries” of this prospectus.

The following alterations in the share capital of our principal subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

- In July 2018, the registered capital of Shanghai Zhongliang Real Estate was increased from RMB300,000,000 to RMB3,000,000,000 by way of capital injection by Shanghai Zhongliang Enterprise Development, fully paid up by cash.
- In August 2018, the registered capital of Shanghai Zhongliang Enterprise Development was increased from RMB100,000,000 to RMB3,330,000,000 by way of capital injection by Shanghai Liangzhuo, fully paid up by cash.

Save as disclosed above, there have been no alterations in the share capital of our principal subsidiaries within the two years immediately preceding the date of this prospectus.

6. Repurchases of Our Own Securities

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) *Shareholders' Approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on June 19, 2019, a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate number of issued Shares of our Company in issue immediately following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Law or by our Articles of Association or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) *Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iii) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and cancelled and the certificates for those securities must be canceled and destroyed.

(iv) Suspension of Repurchase

A listed company may not make any repurchase of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results of announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(v) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vi) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

The Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) Funding of Repurchases

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles of Association of our Company and the Listing Rules and the applicable laws of the Cayman Islands.

A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out 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 Companies Law, out of capital.

(d) General

The exercise in full of the repurchase mandate, on the basis of 3,530,000,000 Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering and 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 pursuant to the Post-IPO Share Option Scheme, could accordingly result in up to approximately 353,000,000 Shares being repurchased by our Company during the period prior to:

- (i) the conclusion of our next annual general meeting; or
- (ii) the expiration of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or
- (iii) the date when the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) has any present intention to sell any Shares to our Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he/she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 15.84% (or a higher percentage upon completion of the exercise of the Over-allotment Option) of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:





- (a) the Hong Kong Underwriting Agreement;
- (b) the Deed of Indemnity;
- (c) the Deed of Non-competition; and
- (d) the subscription agreement dated August 22, 2018 between the Company, Abundant Talent and Ample Sino Investments Limited, pursuant to which Abundant Talent agreed to transfer all its shares in Ample Sino Investments Limited to the Company in exchange for the issue and allotment of 94,675 Shares by the Company to Abundant Talent.

2. Intellectual Property Rights of the Group

As of the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which are material to our business:

| No. | Trademark | Class | Registered owner | Place of registration | Registration number | Registration date | Expiry date |
|-----|---|--------------------|---------------------------------|-----------------------|---------------------|--------------------|--------------------|
| 1 |  | 16, 35, 36, 37, 42 | The Company | Hong Kong | 304643370 | August 22, 2018 | August 21, 2028 |
| 2 |  | 16, 35, 36, 37, 42 | The Company | Hong Kong | 304643442 | August 22, 2018 | August 21, 2028 |
| 3 |  | 16, 35, 36, 37, 42 | The Company | Hong Kong | 304555710 | June 7, 2018 | June 6, 2028 |
| 4 |  | 16, 35, 36, 37, 42 | The Company | Hong Kong | 304555738 | June 7, 2018 | June 6, 2028 |
| 5 |  | 16, 35, 36, 37, 42 | The Company | Hong Kong | 304555774 | June 7, 2018 | June 6, 2028 |
| 6 |  | 36 | Shanghai Zhongliang Real Estate | PRC | 10136706 | September 28, 2013 | September 27, 2023 |
| 7 |  | 36 | Shanghai Zhongliang Real Estate | PRC | 14135681 | April 14, 2015 | April 13, 2025 |
| 8 |  | 41 | Shanghai Zhongliang Real Estate | PRC | 10122763 | January 21, 2013 | January 20, 2023 |

| No. | Trademark | Class | Registered owner | Place of registration | Registration number | Registration date | Expiry date |
|-----|---|-------|------------------------------------|-----------------------|---------------------|-------------------|-------------------|
| 9 |  | 35 | Shanghai Zhongliang Real Estate | PRC | 10122694 | March 21, 2013 | March 20, 2023 |
| 10 |  | 43 | Shanghai Zhongliang Real Estate | PRC | 10122708 | January 21, 2013 | January 20, 2023 |
| 11 |  | 44 | Shanghai Zhongliang Real Estate | PRC | 10122731 | December 28, 2012 | December 27, 2022 |
| 12 |  | 36 | Shanghai Zhongliang Real Estate | PRC | 14135689 | April 21, 2015 | April 20, 2025 |
| 13 | 中梁·公馆1号 | 36 | Shanghai Zhongliang Real Estate | PRC | 14135708 | April 21, 2015 | April 20, 2025 |
| 14 |  | 35 | Shanghai Zhongliang Real Estate | PRC | 10122789 | December 21, 2012 | December 20, 2022 |
| 15 |  | 36 | Shanghai Zhongliang Real Estate | PRC | 10136700 | January 28, 2013 | January 27, 2023 |
| 16 |  | 37 | Shanghai Zhongliang Real Estate | PRC | 10136719 | February 14, 2013 | February 13, 2023 |
| 17 |  | 42 | Shanghai Zhongliang Real Estate | PRC | 10122805 | December 28, 2012 | December 27, 2022 |
| 18 |  | 36 | Shanghai Zhongliang Real Estate | PRC | 10230499 | May 21, 2013 | May 20, 2023 |

| No. | Trademark | Class | Registered owner | Place of registration | Registration number | Registration date | Expiry date |
|-----|---|-------|------------------------------------|-----------------------|---------------------|-------------------|-------------------|
| 19 |  | 37 | Shanghai Zhongliang Real Estate | PRC | 10230544 | March 7, 2013 | March 6, 2023 |
| 20 |  | 6 | Shanghai Zhongliang Real Estate | PRC | 10122614 | April 7, 2013 | April 6, 2023 |
| 21 |  | 19 | Shanghai Zhongliang Real Estate | PRC | 10122634 | April 7, 2013 | April 6, 2023 |
| 22 |  | 42 | Shanghai Zhongliang Real Estate | PRC | 10122661 | February 7, 2013 | February 6, 2023 |
| 23 |  | 43 | Shanghai Zhongliang Real Estate | PRC | 10122674 | February 7, 2013 | February 6, 2023 |
| 24 |  | 36 | Shanghai Zhongliang Real Estate | PRC | 10131183 | November 21, 2013 | November 20, 2023 |
| 25 | 中梁·滨江九里 | 36 | Shanghai Zhongliang Real Estate | PRC | 14135718 | April 21, 2015 | April 20, 2025 |
| 26 |  | 36 | Shanghai Zhongliang Real Estate | PRC | 10136693 | January 28, 2013 | January 27, 2023 |
| 27 |  | 36 | Shanghai Zhongliang Real Estate | PRC | 14135697 | April 21, 2015 | April 20, 2025 |
| 28 | 中梁香缇半岛 | 36 | Shanghai Zhongliang Real Estate | PRC | 10131150 | May 28, 2014 | May 27, 2024 |

APPENDIX V

STATUTORY AND GENERAL INFORMATION

| No. | Trademark | Class | Registered owner | Place of registration | Registration number | Registration date | Expiry date |
|-----|---|-------|---|-----------------------|---------------------|-------------------|-------------------|
| 29 |  | 36 | Shanghai Zhongliang Real Estate | PRC | 10131041 | December 28, 2012 | December 27, 2022 |
| 30 |  | 37 | Shanghai Zhongliang Real Estate | PRC | 10131060 | March 21, 2013 | March 20, 2023 |
| 31 |  | 42 | Shanghai Zhongliang Real Estate | PRC | 10131075 | December 28, 2012 | December 27, 2022 |
| 32 |  | 36 | Shanghai Zhongliang Real Estate | PRC | 7288916 | October 14, 2010 | October 13, 2020 |
| 33 |  | 37 | Shanghai Zhongliang Real Estate | PRC | 7288914 | October 14, 2010 | October 13, 2020 |
| 34 |  | 36 | Shanghai Zhongliang Real Estate Group Co., Ltd. | PRC | 7288917 | October 14, 2010 | October 13, 2020 |
| 35 |  | 37 | Shanghai Zhongliang Real Estate Group Co., Ltd. | PRC | 7288918 | October 14, 2010 | October 13, 2020 |
| 36 |  | 36 | Shanghai Zhongliang Real Estate | PRC | 10230568 | January 28, 2013 | January 27, 2023 |
| 37 |  | 37 | Shanghai Zhongliang Real Estate | PRC | 10230553 | January 28, 2013 | January 27, 2023 |

| No. | Trademark | Class | Registered owner | Place of registration | Registration number | Registration date | Expiry date |
|-----|-----------|-------|------------------------------------|-----------------------|---------------------|-------------------|-------------------|
| 38 | 金中梁置业 | 42 | Shanghai Zhongliang Real Estate | PRC | 10131029 | December 21, 2012 | December 20, 2022 |
| 39 | 金中梁置业 | 35 | Shanghai Zhongliang Real Estate | PRC | 10131010 | February 7, 2013 | February 6, 2023 |
| 40 | 中梁百悦天地 | 36 | Shanghai Zhongliang Real Estate | PRC | 22384077 | February 7, 2018 | February 6, 2028 |
| 41 | 中梁百悦天地 | 35 | Shanghai Zhongliang Real Estate | PRC | 22384076 | February 7, 2018 | February 6, 2028 |
| 42 | 中梁百悦广场 | 36 | Shanghai Zhongliang Real Estate | PRC | 22384075 | February 7, 2018 | February 6, 2028 |
| 43 | 中梁百悦广场 | 35 | Shanghai Zhongliang Real Estate | PRC | 22384074 | February 7, 2018 | February 6, 2028 |
| 44 | 中梁百悦公馆 | 36 | Shanghai Zhongliang Real Estate | PRC | 22384073 | February 7, 2018 | February 6, 2028 |
| 45 | 中梁百悦公馆 | 35 | Shanghai Zhongliang Real Estate | PRC | 22384072 | February 7, 2018 | February 6, 2028 |
| 46 | 中梁百悦城 | 36 | Shanghai Zhongliang Real Estate | PRC | 22384071 | February 7, 2018 | February 6, 2028 |
| 47 | 中梁百悦城 | 35 | Shanghai Zhongliang Real Estate | PRC | 22384070 | February 7, 2018 | February 6, 2028 |

| No. | Trademark | Class | Registered owner | Place of registration | Registration number | Registration date | Expiry date |
|-----|--|-------|---|-----------------------|---------------------|-------------------|-------------------|
| 48 |  | 41 | Shanghai Zhongliang Real Estate | PRC | 15948712 | February 21, 2016 | February 20, 2026 |
| 49 |  | 37 | Shanghai Zhongliang Real Estate | PRC | 15948408 | February 21, 2016 | February 20, 2026 |
| 50 |  | 36 | Shanghai Zhongliang Real Estate | PRC | 15948320 | May 7, 2016 | May 6, 2026 |
| 51 |  | 36 | Shanghai Zhongliang Real Estate | PRC | 14855438 | August 7, 2015 | August 6, 2025 |
| 52 |  | 36 | Shanghai Zhongliang Real Estate Group Co., Ltd. | PRC | 10136676 | January 14, 2013 | January 13, 2023 |

As of the Latest Practicable Date, we have applied for the registration of the following trademarks:

| No. | Trademark | Class | Name of applicant | Place of application | Application number | Application date |
|-----|---|-------|---------------------------------|----------------------|--------------------|-------------------|
| 1. |  | 36 | Shanghai Zhongliang Real Estate | PRC | 34768958 | November 19, 2018 |
| 2. |  | 36 | Shanghai Zhongliang Real Estate | PRC | 34753678 | November 19, 2018 |
| 3. |  | 36 | Shanghai Zhongliang Real Estate | PRC | 34760481 | November 19, 2018 |
| 4. |  | 42 | Shanghai Zhongliang Real Estate | PRC | 34759940 | November 19, 2018 |

| No. | Trademark | Class | Name of applicant | Place of application | Application number | Application date |
|-----|---|-------|---|----------------------|--------------------|----------------------|
| 5. |  ZHONGLIANG DECORATION | 36 | Shanghai Zhongliang Real Estate | PRC | 34763769 | November 19, 2018 |
| 6. |  ZHONGLIANG GROUP | 42 | Shanghai Zhongliang Real Estate | PRC | 34748166 | November 19, 2018 |
| 7. |  ZHONGLIANG GROUP | 36 | Shanghai Zhongliang Real Estate | PRC | 34748087 | November 19, 2018 |
| 8. |  ZHONGLIANG REAL ESTATE | 36 | Shanghai Zhongliang Real Estate Group Co., Ltd. | PRC | 34758366 | November 19, 2018 |
| 9. |  ZHONGLIANG DECORATION | 42 | Shanghai Zhongliang Real Estate Group Co., Ltd. | PRC | 34753554 | November 19, 2018 |
| 10. |  ZHONGLIANG PROPERTY | 42 | Shanghai Zhongliang Real Estate Group Co., Ltd. | PRC | 34761820 | November 19, 2018 |

(b) *Domain Names*

As of the Latest Practicable Date, we have registered the following domain names:

| No. | Domain name | Registrant | Registration date | Expiry date |
|-----|---------------|---|-------------------|----------------|
| 1 | zldcgroup.com | Shanghai Zhongliang Real Estate Group | April 12, 2013 | April 12, 2022 |
| 2 | zldcgroup.cn | Shanghai Zhongliang Real Estate Group | April 12, 2013 | April 12, 2022 |
| 3 | zreg.com | Shanghai Zhongliang Real Estate Group | April 12, 2013 | April 12, 2022 |
| 4 | zreg.cn | Shanghai Zhongliang Real Estate Group | April 12, 2013 | April 12, 2022 |
| 5 | wsttop.com | Weishengte Enterprise Management Services (Shanghai) Limited Liability Company | May 22, 2018 | May 22, 2022 |

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests of the Directors and the Chief Executive of Our Company*

Immediately following the completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares that may be issued pursuant to the exercise of options which may be granted under the Post-IPO Share Option Scheme, the interests or short positions of the Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed, will be as follows:

(i) *Interest in our Company*

| Name of Director | Nature of interest | Immediately following the completion of the Capitalization Issue and the Global Offering | |
|------------------|--|--|--|
| | | Number of Shares held | Approximate percentage of shareholding interest ⁽¹⁾ |
| Mr. Yang | Interest in controlled corporations ⁽³⁾ | 2,911,288,929 | 82.47% |
| | Interest of spouse ⁽⁴⁾ | 59,414,060 | 1.68% |

Notes:

- (1) The calculation is based on the total number of Shares in issue immediately following the 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 upon the exercise of the options which may be granted under the Post-IPO Share Option Scheme).
- (2) All interests stated are long positions.
- (3) Liangzhong and Liangyi, each of which a company directly wholly-owned by Mr. Yang, directly hold 2,822,167,839 Shares and 89,121,090 Shares of our Company, respectively. Accordingly, Mr. Yang is deemed to be interested in 2,822,167,839 Shares and 89,121,090 Shares each held by Liangzhong and Liangyi, respectively.
- (4) Liangtai, a company directly wholly owned by Ms. Xu, directly holds 59,414,060 Shares of our Company. Accordingly, Ms. Xu is deemed to be interested in 59,414,060 Shares held by Liangtai. Under the SFO, Mr. Yang, as the spouse of Ms. Xu, is deemed to be interested in the same number of Shares in which Ms. Xu is interested.

(ii) Interest in associated corporations of our Company

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Nature of interest</u> | <u>Number of shares held</u> | <u>Approximate percentage of shareholding interest</u> |
|-------------------------|---------------------------------------|---------------------------|------------------------------|--|
| Mr. Yang | Liangzhong | Beneficial owner | 1 | 100% |
| | Liangyi | Beneficial owner | 1 | 100% |

(b) Interests of the Substantial Shareholders

Save as disclosed in “Substantial Shareholders”, immediately following the completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the exercise of any options which may be granted pursuant to the Post-IPO Share Option Scheme, our Directors or chief executive are not aware of any other person (other than a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company:

(c) Interests in Other Members of the Group

So far as our Directors are aware, as at the Latest Practicable Date, no other persons (excluding us) are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

2. Directors’ Service Contracts

Each of our executive Directors has entered into a service contract with our Company on June 19, 2019, and we have issued letters of appointment to each of our independent non-executive Directors. The service contracts with each of our executive Directors are for an initial fixed term of three years commencing from June 19, 2019. The letters of appointment with each of our independent non-executive Directors are for an initial fixed term of three years. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors’ Remuneration

The aggregate remuneration (including fees, salaries, allowances and benefits in kind, performance-related bonuses, pension scheme contribution and social welfare) paid to the Directors for the three years ended

December 31, 2016, 2017 and 2018 were approximately RMB3.9 million, RMB11.2 million and RMB29.1 million, respectively.

Our independent non-executive Directors have been appointed for a term of three years. The Company intends to pay a director's fee of RMB360,000 per annum to each of the independent non-executive Directors, respectively. Save for the director's fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding his or her office as an independent non-executive Director.

Under the arrangements currently in force, the aggregate amount of remuneration payable by our Group to our Directors for the year ending December 31, 2019 will be approximately RMB29.1 million.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this prospectus.

Further details of the terms of the above service contracts are set forth in the paragraph headed “— C. Further Information About Our Directors and Substantial Shareholders — 2. Directors' Service Contracts”.

4. Directors' Competing Interests

Save as disclosed in the section headed “Relationship with Controlling Shareholders”, none of our Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

5. Disclaimers

Save as disclosed in this prospectus:

- (a) none of the Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which 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 in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange;
- (b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company;

- (c) none of the Directors nor any of the persons listed in “— E. Other Information — 5. Qualification of Experts” below is interested 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 the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (d) none of the Directors nor any of the persons listed in “— E. Other Information — 5. Qualification of Experts” below is materially interested in any contract or arrangement with the 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 the Group as a whole;
- (e) save in connection with Underwriting Agreements, none of the persons listed in “— E. Other Information — 5. Qualification of Experts” below has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (f) none of the Directors has entered or has proposed to enter into any service agreements with our Company or any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and
- (g) save as contemplated under the Underwriting Agreements, none of our Directors, their respective associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company’s five largest customers and five largest suppliers.

D. SHARE INCENTIVE SCHEME

Post-IPO Share Option Scheme

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally adopted by the resolutions in writing of our Shareholders passed on June 19, 2019.

(a) Purpose of the Post-IPO Share Option Scheme

The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide our Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to selected participants.

(b) Selected participants to the Post-IPO Share Option Scheme

Any individual, being an employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the

Company or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Company is entitled to be offered and granted options. However, no individual who is resident in a place where the grant, acceptance or exercise of options pursuant to the Post-IPO Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

(c) Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other schemes is 353,000,000, being no more than 10% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (the “**Option Scheme Mandate Limit**”) (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option). Options which have lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time (the “**Option Scheme Limit**”). No options may be granted under any schemes of our Company (or its subsidiaries) if this will result in the Option Scheme Limit being exceeded.

The Option Scheme Mandate Limit may be refreshed at any time by obtaining prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the refreshed Option Scheme Mandate Limit cannot exceed 10% of the Shares in issue as at the date of such approval. Options previously granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company (and to which provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, canceled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the refreshed Option Scheme Mandate Limit.

Our Company may also grant options in excess of the Option Scheme Mandate Limit, provided such grant is to specifically identified selected participant and is first approved by Shareholders in general meeting.

(d) Maximum entitlement of a grantee

Unless approved by our Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the “**Individual Limit**”). Any further grant of options to a selected participant which would result in the aggregate number of Shares issued and

to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, canceled and outstanding options) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of our Shareholders (with such selected participant and his associates abstaining from voting).

(e) Performance target

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

(f) Subscription price

The amount payable for each Share to be subscribed for under an option (“**Subscription Price**”) in the event of the option being exercised shall be determined by the Board but shall be not less than the greater of:

- (i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;
- (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share on the date of grant.

(g) Rights are personal to grantee

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the Post-IPO Share Option Scheme.

(h) Options granted to directors, chief executive or substantial shareholders of the Company

Each grant of options to any director, chief executive or substantial shareholder of our Company (or any of their respective associates) must first be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of options).

Where any grant of options to a substantial shareholder or an independent non-executive Director of our Company (or any of their respective associates) would result in the number of Shares issued and to be issued

upon exercise of all options already 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 higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange),

such further grant of options must also be first approved by the Shareholders (voting by way of poll) in a general meeting. In obtaining the approval, our Company shall send a circular to the Shareholders in accordance with and containing such information as is required under the Listing Rules. The grantee, his associates and all connected persons of our Company shall abstain from voting in favor at such general meeting.

(i) Grant offer letter and notification of grant of options

An offer shall be made to selected participants by a letter in duplicate which specifies the terms on which the option is to be granted. Such terms may include any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the Board or its delegate(s) such other terms either on a case basis or generally.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein 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 date upon which an offer of an option must be accepted by the relevant selected participants, which must be received by the Company within ten business days from the date on which the offer letter is delivered to the grantee. Such remittance shall in no circumstances be refundable.

Any offer 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 or a multiple thereof. To the extent that the offer is not accepted within ten business days from the date on which the letter containing the offer is delivered to that selected participant, it shall be deemed to have been irrevocably declined.

(j) Restriction of grant of options

No offer shall be made and no option shall be granted to any selected participant in circumstances prohibited by the Listing Rules or at a time when the selected participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. No offer shall be made and no options shall be granted to any selected participants after inside information has come to the Company's

knowledge until it has announced the information. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of the Company's quarterly, interim or annual results or its results for any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its quarterly, interim or annual results or its results for any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements, no option may be granted.

Such period will also cover any period of delay in the publication of any results announcement.

(k) Time of exercise of an option

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

(l) Cancellation of options

Any breaches of the rules of the Post-IPO Share Option Scheme by a grantee may result in the options granted to such grantee being canceled by the Company. Any options granted but not exercised may be canceled if the grantee so agrees. Issuance of new options to the same grantee may only be made if there are unissued options available under the Post-IPO Share Option Scheme (excluding the canceled options) and in compliance with the terms of the Post-IPO Share Option Scheme.

(m) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the period within which an option may be exercised, which is to be determined and notified by the Board to each grantee at the time of making an offer, and shall not expire later than ten years from the date of grant (the "**Option Period**");
- (ii) the expiry of any of the periods for exercising the option as referred to in paragraphs (p), (q) and (r) below; and
- (iii) the date on which the grantee commits a breach of the rules of the Post-IPO Share Option Scheme.

- (iv) unless the Board otherwise determines, and other than in the circumstances referred to in paragraphs (p), (q) and (r) below, the date the grantee ceases to be a selected participant (as determined by a Board resolution) for any other reason.

(n) *Voting and dividend rights*

No dividends shall be payable and no voting rights shall be exercisable in relation to any options or Shares that are the subject of options that have not been exercised.

(o) *Effects of alterations in the capital structure of the company*

In the event of an alteration in the capital structure of the Company whilst any option remains exercisable by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares comprised in each option so far as unexercised; and/or
- (ii) the Subscription Price; and/or
- (iii) the method of exercise of the option,

or any combination thereof, as the auditors or a financial adviser engaged by our Company for such purpose shall, at the request of the Company, certify in writing, either generally or as regards any particular grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each grantee the same proportion of the equity capital of our Company as that to which that grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the auditors or financial adviser (as the case may be) is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditors or financial adviser (as the case may be) shall be borne by our Company.

(p) *Rights on ceasing employment*

If a grantee ceases to be an employee of the Company due to termination of his or her employment with the Company or by reason of voluntarily wind-up the Company, the option (to the extent not already exercised) may be exercised within two months of such cessation or within the Option Period, whichever is the shorter; If the option is not exercised within the time mentioned above, the option shall lapse.

(q) *Retirement, death or permanent physical or mental disability of an selected participant*

If a grantee ceases to be selected participant by reason of (i) death of the grantee, (ii) termination of the grantee's employment or contractual engagement with the Company by reason of his/her permanent physical or

mental disablement, (iii) retirement of the grantee, the option (to the extent not already exercised) may be exercised within six months of such cessation or within the Option Period, whichever is the shorter, or such other period as the Board or its delegate(s) may decide in their sole discretion.

In the case of death of a grantee, the option may be exercised within that period by the personal representatives of the grantee. In the case where a grantee no longer has any legal capacity to exercise the option, the option may be exercised within that period by the persons charged with the duty of representing the grantee under the relevant laws in Hong Kong. If the option is not exercised within the time mentioned above, the option shall lapse.

(r) *Rights on dismissal*

If a grantee, being an employee whose employment is terminated by the Group or its affiliate (as applicable) by reason of the employer terminating the contract of employment in way of leaving the position on his/her own and resigning from his/her job without the Company's consent, or the grantee having been convicted of any criminal offense involving his integrity or honesty, the option shall immediately lapse.

(s) *Rights on takeover and schemes of compromise or arrangement*

If a general offer by way of takeover is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), and the offer becomes or is declared unconditional in all respects, the grantee shall be entitled to exercise the option (to the extent not already exercised) at any time within ten business days (or such other period as the Board or its delegate(s) may decide in their sole discretion) after the date on which the offer becomes or is declared unconditional. If the option is not exercised within the time specified, the option shall lapse.

If a compromise or arrangement between the Company and its members or creditors is proposed, our Company shall give notice to the grantee on the same date as it dispatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his personal representatives) may until the expiry of the period commencing with such date and ending with the date ten business days thereafter or the date on which such compromise or arrangement is sanctioned by the court, whichever is the shorter, exercise any of his options (to the extent not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective, and upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Post-IPO Share Option Scheme. Our Company may require the grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement. If the option is not exercised within the time specified, the option shall lapse.

(t) *Rights on a voluntary 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 on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this sub-paragraph) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than five business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the 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 referred to above, allot the relevant Shares to the grantee credited as fully paid. If the option is not exercised within the time specified, the option shall lapse.

(u) *Ranking of shares*

The Shares to be allotted and issued upon the exercise of an option shall be identical to the then existing issued shares of the Company and subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and will rank *pari passu* with the other fully paid Shares in issue on the date the name of the grantee is registered on the register of members of the Company or if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members, save that the grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

(v) *Duration*

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date (after which, no further options shall be offered or granted under the Post-IPO Share Option Scheme), but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Post-IPO Share Option Scheme.

(w) *Alteration of the Post-IPO Share Option Scheme*

The Board may subject to the rules of the Post-IPO Share Option Scheme amend any of the provisions of the Post-IPO Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Post-IPO Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any grantee at that date).

Those specific provisions of the Post-IPO Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of selected participants, and no changes to the authority of the administrator of the Post-IPO Share Option Scheme in relation to any alteration of the terms of the Post-IPO Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms of the Post-IPO Share Option Scheme which are of a material nature, or any change

to the terms and conditions of options granted, must also, to be effective, be approved by the Shareholders in general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme. The options and the Post-IPO Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules. Any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the Post-IPO Share Option Scheme must be approved by Shareholders in general meeting.

(x) **Termination**

The Shareholders by ordinary resolution in general meeting or the Board may at any time resolve to terminate the operation of the Post-IPO Share Option Scheme prior to the expiry of the Post-IPO Share Option Scheme and in such event no further options will be offered or granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Post-IPO Share Option Scheme and remain unexercised and unexpired immediately prior to the termination of the operation of the Post-IPO Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Post-IPO Share Option Scheme.

Details of the options granted, including options exercised or outstanding, under the Post-IPO Share Option Scheme shall be disclosed in the circular to the Shareholders seeking approval of the new scheme established after the termination of the Post-IPO Share Option Scheme.

E. OTHER INFORMATION

1. Estate Duty and Tax Indemnity

The Controlling Shareholders have entered into the Deed of Indemnity whereby the Controlling Shareholders have given indemnities in connection with, among other things, any liability for estate duty under the Estate Duty Ordinance, Chapter 111 of the Laws of Hong Kong, or legislation similar thereto in Hong Kong or any jurisdictions outside Hong Kong which might be incurred by any member of our Group on or before the Listing Date, and other taxation (including all fines, penalties, costs, charges, expenses and interests relating to taxation) which may be suffered by any member of our Group in respect of, among other things, any income, profits or gains earned, accrued or received on or before the Listing Date, save:

- (a) to the extent that specific provision or reserve has been made for such taxation in the audited consolidated financial statements of our Group as set out in Appendix I (the “**Accounts**”);
- (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”, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group, that would have a material adverse effect on its business, financial condition or results of operations.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), and the Shares to be issued pursuant to the exercise of the options which may be granted pursuant to the Post-IPO Share Option Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS. The Sole Sponsor is entitled to a fee of US\$1 million for acting as our sponsor in connection with the Global Offering.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Please refer to the section headed “Underwriting — Independence of the Sole Sponsor” for details regarding the independence of the Sole Sponsor.

4. No Material Adverse Change

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since December 31, 2018 (being the date to which the latest audited consolidated financial statements of the Group were prepared).

5. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this prospectus:

| Name | Qualification |
|---|---|
| CCB International Capital Limited | Licensed to conduct 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 |
| Commerce & Finance Law Offices | Legal advisers to Company as to PRC law |
| Walkers (Hong Kong) | Legal advisers to Company as to Cayman Islands law |
| China Index Academy | Industry Consultant |
| Jones Lang LaSalle Corporate Appraisal and Advisory Limited | Independent Property Valuer |

6. Consents of Experts

Each of CCB International Capital Limited, Ernst & Young, Commerce & Finance Law Offices, Walkers (Hong Kong), China Index Academy and Jones Lang LaSalle Corporate Appraisal and Advisory Limited has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

7. Promoter

Our Company has no promoter for the purpose of 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.

8. Preliminary Expenses

The preliminary expenses incurred by our Company were approximately US\$3,900 and were payable by our Group.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar 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).

11. Taxation of Holders of Shares**(a) Hong Kong**

The sale, purchase and transfer of Shares registered with our 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 of or, if higher, of 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. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisors

Potential investors in the Global Offering are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares (or exercising rights attached to them). None of us, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our Shares.

12. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up 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, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;
 - (iv) no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;
 - (v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued; and
 - (vi) there is no arrangement under which future dividends are waived or agreed to be waived.
- (b) Save as disclosed in this prospectus, none of the persons named in the paragraph headed “— E. Other Information — 6. Consent of Experts” in this Appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group.
- (c) The branch register of members of the Company will be maintained in Hong Kong by its Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the 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.
- (d) Our Directors confirm that:
- (i) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus; and
 - (ii) our Company has no outstanding convertible debt securities or debentures.
- (e) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (f) The English version of this prospectus shall prevail over the Chinese version.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of each of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) a copy of each of the material contracts referred to in the section headed “Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts” in Appendix V to this prospectus; and
- (c) the written consents referred to in the section headed “Statutory and General Information — E. Other Information — 6. Consents of Experts” in Appendix V to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Simpson Thacher & Bartlett, 35/F, ICBC Tower, 3 Garden Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association of our Company;
- (b) the Accountants’ Report for the years ended December 31, 2016, 2017 and 2018 issued by Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (c) 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;
- (d) the audited consolidated financial statements of our Group for the years ended December 31, 2016, 2017 and 2018;
- (e) the letter, summary of valuations and valuation certificates relating to the property interests of our Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the texts of which are set out in Appendix III to this prospectus;
- (f) the PRC legal opinions issued by Commerce & Finance Law Offices, our PRC legal advisers, in respect of certain aspects of the Group and the property interests of the Group;
- (g) the letter of advice prepared by Walkers (Hong Kong), our Cayman legal advisers, summarizing certain aspects of the Cayman Companies Law referred to in Appendix IV to this prospectus;
- (h) the material contracts referred to in the section headed “Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts” in Appendix V to this prospectus;
- (i) the written consents referred to in the section headed “Statutory and General Information — E. Other Information — 6. Consents of Experts” in Appendix V to this prospectus;

- (j) the service contracts and letters of appointment referred to in the section headed “Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Directors’ Service Contracts” in Appendix V to this prospectus;
- (k) the rules of the Post-IPO Share Option Scheme;
- (l) the Cayman Islands Companies Law; and
- (m) the industry report issued by China Index Academy, our industry consultant.



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ZHONGLIANG HOLDINGS GROUP